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Author:
U.S. Congress. Senate.

Title:
Unemployment in the United States

Place:
Washington, D.C.

Date:
1930

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Unemployment in the United States. Hearings before a subcommittee of the Committee on commerce, United States Senate, Seventy-first Congress, second session, on S. 3059, a bill to provide for the advance planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment during periods of business depression; S. 3060, a bill to provide for the establishment of a national employment system and for cooperation with the states in the promotion of such system, and for other purposes; S. 3061, a bill to amend section 4 of the act entitled "An act to

(Continued on next card)

38-25652

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BUSINESS
D264
Un3949

U. S. *Congress. Senate. Committee on commerce.* Unemployment in the United States ... (Card 2)

create a Department of labor", approved March 4, 1913. March 18, 21, and April 1, 1930. Printed for the use of the Committee on commerce. Washington, U. S. Govt. print. off., 1930.

iii, ~~100~~ 111 p. incl. tables, diagr. 23½cm.

Hiram Johnson, chairman.

"Revised edition."

1. Unemployed—U. S. I. Title.

38-25652

Library of Congress HD5723.A5 1930

Copy 2. [5] Bus. 331.137973

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Unemployment in the United States

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON COMMERCE UNITED STATES SENATE

SEVENTY-FIRST CONGRESS

SECOND SESSION

ON

S. 3059

A bill to provide for the advance planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment during periods of business depression

S. 3060

A bill to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes

S. 3061

A bill to amend section 4 of the act entitled "an act to create a Department of Labor," approved March 4, 1913

MARCH 18, 21, AND APRIL 1, 1930

Printed for the use of the Committee on Commerce

REVISED EDITION

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON: 1930

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UNEMPLOYMENT IN THE UNITED STATES

TUESDAY, MARCH 18, 1930

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON COMMERCE,
Washington, D. C.

The subcommittee met pursuant to call at 10 o'clock a. m. in the committee room, Capitol, Senator Hiram Johnson presiding.

Present: Senator Johnson (chairman); Senator Duncan U. Fletcher, of Florida; Senator Harry B. Hawes, of Missouri; Senator Gerald B. Nye, of North Dakota; and Senator Arthur H. Vandenberg, of Michigan.

Present also: Senator Robert F. Wagner, of New York, Senator James Couzens, of Michigan, Prof. Benjamin M. Squires, and others.

The CHAIRMAN. The subcommittee has met for the consideration of the bills S. 3061, S. 3059, and S. 3060, which the reporter will publish in full at this point in the proceedings.

(The bills referred to are here printed in full as follows:)

[S. 3061, Seventy-first Congress, second session]

A BILL To amend section 4 of the act entitled "An act to create a Department of Labor," approved March 4, 1913

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the act entitled "An act to create a Department of Labor," approved March 4, 1913, is amended by adding at the end thereof the following new paragraph:

"The Bureau of Labor Statistics shall also collect, collate, report, and publish at least once each month full and complete statistics of the volume of and changes in employment, as indicated by the number of persons employed, the total wages paid, and the total hours of employment, in the following industries and their principal branches: (1) Manufacturing; (2) mining, quarrying, and crude petroleum production; (3) building construction; (4) agriculture and lumbering; (5) transportation and communication; (6) the retail and wholesale trades; and such other industries as the Secretary of Labor may deem it in the public interest to include. Such statistics shall be reported for all such industries and their principal branches throughout the United States and also by States and/or Federal reserve districts and by such smaller geogragphical subdivisions as the said Secretary may from time to time prescribe. The said Secretary is authorized to arrange with any Federal, State, or municipal bureau or other governmental agency for the collection of such statistics in such manner as he may deem satisfactory, and may assign special agents of the Department of Labor to any such bureau or agency to assist in such collection."

[S. 3059, Seventy-first Congress second session]

A BILL To provide for the advance planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment during periods of business depression

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this act may be cited as the "Employment Stabilization Act of 1930."

DEFINITIONS

SEC. 2. When used in this act—

(*a*) The term "board" means the Federal Employment Stabilization Board established by section 3 of this act;

(*b*) The term "United States," when used in a geographical sense, includes the several States and Territories and the District of Columbia;

(*c*) The term "public works emergency appropriation" means an appropriation made in pursuance of supplemental estimates transmitted to the Congress under the provisions of this act..

FEDERAL EMPLOYMENT STABILIZATION BOARD

SEC. 3. (*a*) There is hereby established a board to be known as the Federal employment stabilization Board and to be composed of the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Agriculture, and the Secretary of Labor. It shall be the duty of the board to advise the President from time to time of the trend of employment and business activity and of the existence or approach of periods of business depression and unemployment in the United States or in any substantial portion thereof.

(*b*) The board is authorized to appoint, in accordance with the civil service laws, a secretary and such experts, and clerical and other assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books, books of reference, and periodicals) as may be necessary for the administration of this act, and as may be provided for by the Congress from time to time. The compensation of the secretary and such experts and clerical and other assistants shall be fixed in accordance with the classification act of 1923, as amended.

BASIS OF ACTION OF BOARD

SEC. 4. (*a*) In advising the President the board shall take into consideration the volume, based upon value, of contracts awarded for construction work in the United States, or in any substantial portion thereof, during the three months' period preceding action, in comparison with the corresponding three-month periods of the two previous calendar years.

(*b*) The board may also take into consideration the index of employment prepared by the Department of Labor, and any other information concerning employment furnished by the Department of Labor or by any other public or private agency, and any other facts which it may consider pertinent.

PUBLIC WORKS EMERGENCY APPROPRIATION

SEC. 5. Whenever, upon recommendation of the board, the President finds that there exists, or that within the six months next following there is likely to exist, in the United States, or any substantial portion thereof, a period of business depression and unemployment, he is requested to transmit to the Congress by special message, at such time and from time to time thereafter, such supplemental estimates as he deems advisable for emergency appropriations, to be expended during such period upon public works in the United States or in the area affected, in order to prevent unemployment and permit the Government to avail itself of the opportunity for speedy, efficient, and economical construction during any such period. Except as provided in this act such supplemental estimates shall conform to the provisions of the budget and accounting act, 1921.

WORKS ON WHICH APPROPRIATION USED

SEC. 6. Public works emergency appropriations are authorized and shall be expended only—

(*a*) For carrying out the provisions of the Federal highway act, as now or hereafter amended and supplemented:

(*b*) For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore or hereafter authorized as may be most desirable in the interest of commerce and navigation;

(*c*) For prosecuting flood-control projects heretofore or hereafter authorized; and

(*d*) For carrying into effect the provisions of the public buildings act, approved May 25, 1926, as now or hereafter amended and supplemented, in respect of public buildings within and without the District of Columbia.

PUBLICATION OF INDEX OF EMPLOYMENT

SEC. 7. The Secretary of Labor shall prepare and publish monthly an index of employment, which shall indicate the condition of employment in the United States and in each substantial portion thereof.

PREPARATION OF INDEX OF EMPLOYMENT

SEC. 8. For the preparation of the index of employment there shall be made available to the Secretary of Labor, upon his request, statistics collected or compiled by any executive department, independent commission, board, bureau, office, agency, or other establishment of the Government. The Secretary of Labor is further authorized to utilize, to such extent as he deems advisable, statistics collected or compiled by any State or political subdivision thereof, or by any private, industrial, commercial, banking, labor, or other association or enterprise, and to obtain such additional facts and statistics as he deems necessary for such purposes.

ACCELERATION OF EMERGENCY CONSTRUCTION

SEC. 9. For the purpose of preventing unemployment during periods of business depression and of permitting the Government to avail itself of opportunity for speedy, efficient, and economical construction during such periods the Secretary of War, the Secretary of the Treasury, and the Secretary of Agriculture are directed to accelerate during such periods, to such extent as is deemed practicable, the prosecution of all public works within their control.

ADVANCE PLANNING

SEC. 10. It is hereby declared to be the policy of Congress to arrange the construction of public works, so far as practicable, in such manner as will assist in the stabilization of industry and employment through the proper timing of such construction, and that to further this object there shall be advance planning and detailed preparation of public works, to be accomplished (*a*) in the case of river and harbor and flood-control works and projects and public-building projects by means (1) of preliminary reports, made under the subsequent provisions of this act or existing law, as to the desirability of the project; and (2) of annual authorizations of projects, the total estimates for which are sufficiently in excess of the annual appropriations made for the work thereon to result in uncompleted projects being available for the expenditure of public works emergency appropriations when made; and (*b*) in the case of public roads projects by means of advance approval of projects in accordance with the provisions of the Federal highway act, and amendments and supplements thereof, and of this act.

PUBLIC-ROADS PROJECTS

SEC. 11. (*a*) In addition to the projects authorized to be approved under the Federal highway act, and amendments and supplements thereof, the Secretary of Agriculture is authorized to approve emergency Federal-aid road projects for the construction, reconstruction, and maintenance of Federal-aid highways, the share of the United States in the cost of which is to be paid primarily out of public works emergency appropriations made for the purpose. Such emergency projects may be approved in advance of any such appropriation but only to such extent as the Secretary of Agriculture deems advisable in order that uncompleted projects for the expenditure of money so appropriated may be immediately available at the time such appropriation is made. If the amount apportioned to the State of the public works emergency appropriation made for the purpose is insufficient to meet the share of the United States in the cost of all approved emergency projects within the State, the balance of the share of the United States shall be paid out of the amount apportioned to the State from any subsequent appropriations made for Federal-aid highways.

(*b*) The approval of emergency projects for roads within a State shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution to the cost of the projects only to the extent of the amount apportioned to the State and remaining unpaid of the public works emergency appropriation made for the purpose and the subsequent appropriations made for Federal-aid highways.

(*c*) The provision of the Federal highway act in respect of the apportionment of Federal-aid appropriations shall not apply to public works emergency appropriations, but the Secretary of Agriculture may apportion such appropriations among all the States or in the State in the area or areas designated by Congress in such a way as may be fixed by Congress or shall in his judgment be best calculated to prevent unemployment.

(*d*) For the purpose of equalizing among the several States the amount of Federal funds apportioned under the Federal highway act, as amended and supplemented, and this act, the Secretary of Agriculture shall deduct any payment made to a State out of a public-works emergency appropriation from the amount apportioned to the State out of any subsequent appropriation for Federal-aid highways.

(*e*) The Secretary of Agriculture, after making the deductions authorized by this section, shall within sixty days thereafter reapportion the amount so deducted to all the States in the same manner and on the same basis, and certify to the Secretary of the Treasury and the State highway departments in the same way as if it were being apportioned under the Federal highway act for the first time.

(*f*) In the event that the payment received by a State under the provisions of a public works emergency appropriation for Federal-aid highways exceeds the amount apportioned to that State out of the next succeeding appropriation for Federal-aid highways, the whole amount apportioned to that State shall be reapportioned to all the States in the manner provided in subdivision (*e*), and the difference between the payments so received and the amount so reapportioned shall be deducted from the amount apportioned to the State out of the next succeeding appropriation for Federal-aid highways and reapportioned in accordance with subdivision (*e*) and so on until the total amount so received has been thus deducted and reapportioned.

PUBLIC BUILDINGS

SEC. 12. The provisions of the Public buildings act, approved May 25, 1926, shall apply to public buildings authorized under this act, except that the method of allocation prescribed therein shall not apply; but the sums appropriated for public buildings under this act shall be apportioned as Congress may provide or, if there be no such provisions, by the Secretary of the Treasury in such way as best to carry out the intent of this act and prevent unemployment in the United States or the area prescribed by Congress.

APPROPRIATIONS AUTHORIZED

SEC. 13. There are hereby authorized to be appropriated such sums as are necessary for expenditure on public works to prevent unemployment during any such period of business depression, not in excess of $150,000,000 in any one fiscal year, and such further sums as are necessary for the administration of this act.

[S. 3060, Seventy-first Congress, second session]

A BILL To provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That in order to promote the establishment and maintenance of a national system of public employment offices there is hereby created in the Department of Labor a bureau to be known as the United States Employment Service, at the head of which shall be a director general. The director general shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of $10,000 per annum. The Employment Service now existing in the Department of Labor is hereby abolished.

SEC. 2. The Secretary of Labor is authorized, in accordance with the civil-service laws, to appoint, and, in accordance with the classification act of 1923, as amended, to fix the compensation of a woman assistant director general who, subject to the director general, shall have general supervision of all matters relating to the obtaining of employment for women, and, in accordance with the civil-service laws, to appoint, and, in accordance with the classification act of 1923, as amended, to fix the compensation of such other officers, employees, and assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, and for law books, books of reference, and periodicals), as may be necessary to carry out the provisions of this act.

SEC. 3. (*a*) It shall be the province and duty of the bureau to establish and maintain a national system of employment offices for men, women, and juniors who are legally qualified to engage in gainful occupations, and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof. The bureau shall also assist in coordinating the public employment offices throughout the country by furnishing and publishing information as to opportunities for employment, by maintaining a system for clearing labor between the several States, by establishing and maintaining uniform standards, policies, and procedure and by aiding in the transportation of workers to such places as may be deemed necessary, for the purpose of obtaining employment. It is hereby declared to be the policy of the Congress that the service authorized by this act shall be impartial, neutral in labor disputes, and free from political influence.

(*b*) Except as herein otherwise provided, the United States Employment Service shall be charged with the administration of this act, under the supervision of the Secretary of Labor. The director general is authorized to deduct from any amount appropriated for any fiscal year under the provisions of section 5 not in excess of 5 per centum thereof, which shall remain available until expended for expenses incurred in the administration of this act.

SEC. 4. Except as provided in section 10, in order to obtain the benefits of appropriations apportioned under section 5, a State shall, through its legislature, accept the provisions of this Act and designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the United States Employment Service under this act.

SEC. 5. (*a*) For the purpose of carrying out the provisions of this act there is hereby authorized to be appropriated the sum of $4,000,000 for the fiscal year ending June 30, 1931, and for each fiscal year thereafter up to and including the fiscal year ending June 30, 1934. Seventy-five per centum of the amounts appropriated under this act shall be apportioned by the director general among the several States in the proportion which their population bears to the total population of the States of the United States according to the next preceding United States census, to be available for the purpose of establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof in accordance with the provisions of this act. The balance of the amounts so appropriated shall be available (1) for administrative expenses under subdivision (*b*) of section 3, and (2) for expenditure as provided in section 10, or, in the discretion of the director general, for the purpose of carrying out the provisions of subdivision (*a*) of section 3 other than for establishing and maintaining public employment offices. Except as provided in section 10, no payment shall be made in any year out of the amount of such appropriations apportioned to any State until an equal sum has been appropriated for that year by the State, including appropriations made by local subdivisions thereof, for the purpose of maintaining public employment offices as a part of a State controlled system of public employment offices; except that the amounts so appropriated by the State shall not be less than 25 per centum of the apportionment according to population, made by the director general for such State for the current year, and in no event less than $5,000.

(*b*) The amounts apportioned to any State for any fiscal year shall be available for payment to and expenditure by such State, for the purpose of this act, until the close of the next succeeding fiscal year; except that amounts apportioned to any State for any fiscal year preceding the fiscal year during which is commenced the first regular session of the legislature of such State held after the enactment of this act, shall remain available for payment to and expenditure by such State until the close of the fiscal year next succeeding that in which such session is commenced. Subject to the foregoing limitations, any amount so apportioned unexpended at the end of the period during which it is available for expenditure under this act shall, within sixty days thereafter, be reapportioned for the current fiscal year, among all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury and treasurers of the States in the same manner, as if it were being apportioned under this act for the first time.

SEC. 6. Within sixty days after any appropriation has been made under the authority of this act, the director general shall make the apportionment thereof as provided in section 5 and shall certify to the Secretary of the Treasury the amount estimated by him to be necessary for administering the provisions of this act, and shall certify to the Secretary of the Treasury and to the treasurers of the several States the amount apportioned to each State for the fiscal year for which the appropriation has been made.

SEC. 7. Within sixty days after any appropriation has been made under the authority of this act, and as often thereafter while such appropriation remains

available as he deems advisable, the director general shall ascertain as to each of the several States (1) whether the State has, through its legislature, accepted the provisions of this act and designated or authorized the creation of an agency to cooperate with the United States Employment Service in the administration of this act in compliance with the provisions of section 4 of this act; and (2) the amounts, if any, which have been appropriated by such State, including appropriations made by local subdivisions thereof, in compliance with the provisions of section 5 of this act. If the director general finds that a State has complied with the requirements of such sections, and if plans have been submitted and approved in compliance with the provisions of section 8 of this act, the director general shall determine the amount of the payments, if any, to which the State is entitled under the provisions of section 5, and certify such amount to the Secretary of the Treasury. Such certificate shall be sufficient authority to the Secretary of the Treasury to make payments to the State in accordance therewith.

SEC. 8. Any State desiring to receive the benefits of this Act shall, by the agency designated to cooperate with the United States Employment Service, submit to the director general detailed plans for carrying out the provisions of this act within such State. If such plans are in conformity with the provisions of this act and reasonably appropriate and adequate to carry out its purposes they shall be approved by the director general and due notice of such approval shall be given to the State agency.

SEC. 9. Each State agency cooperating with the United States Employment Service under this act shall make such reports concerning its operations and expenditures as shall be prescribed by the director general. It shall be the duty of the director general to ascertain whether the system of public employment offices maintained in each State is conducted in accordance with the rules and regulations and the standards of efficiency prescribed by the director general in accordance with the provisions of this act. The director general may revoke any existing certificates or withold any further certificate provided for in section 7, whenever he shall determine, as to any State, that the cooperating State agency has not properly expended the moneys paid to it or the moneys herein required to be appropriated by such State, in accordance with plans approved under this act. Before any such certificate shall be revoked or withheld from any State, the director general shall give notice in writing to the State agency, stating specifically wherein the State has failed to comply with such plans. The State agency may appeal to the Secretary of Labor from the action of the director general in any such case and the Secretary of Labor may either affirm or reverse the action of the director general with such directions as he shall consider proper.

SEC. 10. During the current fiscal year and the two succeeding fiscal years the director general is authorized to expend in any State so much of the sums apportioned to such State according to population, and so much of the unapportioned balance of the appropriation made under the provisions of section 5 as he may deem necessary, as follows:

(*a*) In States where there is no State system of public employment offices, in maintaining and establishing a system of public employment offices under the control of the director general.

(*b*) In States where there is a State system of public employment offices, but where the State has not complied with the provisions of section 4, in establishing a cooperative Federal and State system of public employment offices to be maintained by such officer or board and in such manner as may be agreed upon by and between the governor of the State and the director general; except that pending the conclusion of such agreement, but for not more than one year, the director general may establish and maintain in any such State a system of public employment offices under the control of the director general.

SEC. 11. (*a*) The director general is authorized to provide for the establishment of advisory councils of employers and employees for the purpose of discussing problems relating to unemployment, and insuring impartiality, neutrality, and freedom from political influence in the solution of such problems. Members of each such council shall be selected from time to time in such manner as the director general shall prescribe.

(*b*) In carrying out the provisions of this Act the director general is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants for employment.

(*c*) In carrying out the provisions of this act the director general is authorized to provide for establishing employment offices for individual occupations.

SEC. 12. The director general, with the approval of the Secretary of Labor, is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

SEC. 13. The Postmaster General is hereby authorized and directed to extend to the United States Employment Service and to the system of employment offices operated by it in conformity with the provisions of this act, and to all State employment systems which receive funds appropriated under authority of this act, and to all cooperative Federal and State employment systems operated under agreements made as provided in this act, the privilege of free transmission of official mail matter.

The CHAIRMAN. This subcommittee has been appointed by the general Committee on Commerce of the Senate for the purpose of considering the three bills presented by Senator Robert F. Wagner, of New York. I have asked Senator Couzens to sit with us on these hearings because of the very remarkable work done by him and his committee in relation to unemployment in the United States a year ago or more, a work which we can not expect ever to emulate, and which we would not attempt under any circumstances to duplicate. The Senator has kindly consented to sit with us.

Necessarily, while the tariff bill is pending we are limited in time, and it will be impossible to more than get started during the pendency of the tariff bill in the inquiry we wish to undertake.

Senator Wagner is here in response to the request of the committee to present the subject set forth in his three bills, S. 3059, S. 3060, and S. 3061. I call attention to the hearings held on this subject before the Committee on Education and Labor of the United States Senate during the last Congress.

Senator Wagner, we should be very glad to hear from you in respect to your three measures.

STATEMENT OF SENATOR ROBERT F. WAGNER, OF NEW YORK

Senator WAGNER. Mr. Chairman and members of the committee I suppose it is no longer necessary—although it has been the case in the past—to persuade those in authority of the seriousness of unemployment. We have faced several crises in the past brought on by unemployment; yet I do not think any one of those was more serious than the present one, despite reports to the contrary.

Within the past three months we have witnessed in all of our large cities of the country long bread lines. The free lodging houses have become crowded. In some communities we find that barges have been converted into temporary lodging houses to care for those who were without lodging or food.

Those of the laissez faire type believe that word pictures usually exaggerate the facts. However, a picture of the bread lines on the Bowery, taken a short time ago, tells a more realistic story than any words of mine can convey to you. Just notice the crowded lines on both sides of the street (exhibiting newspaper photo print) of hungry men seeking lodging and something to eat.

The CHAIRMAN. A photograph taken by what paper, Senator?

Senator WAGNER. The Jewish paper Vorwaerts—it is a New York City paper published in the Yiddish language. I did not see this picture in any of the other newspapers at all.

However, in another newspaper I saw a photograph of a banquet given in honor of Mr. Coolidge and in celebration of prosperity. That was in all of the leading metropolitan papers. It gives the other side of this economic and social picture.

The CHAIRMAN. I observe that the latter picture, Senator, is from the Los Angeles Express, under date of February 25, 1930, and the occasion is "Coolidges are Guests at Annual Feast of Prosperity"; and there is printed matter attached to the first photograph of which we spoke, it is as follows:

A graphic picture of the unemployment situation in New York—

Then it continues:

Thousands of men out of work lined up around two square blocks, waiting for meal tickets distributed by Lady Bountiful, Mrs. Irving T. Bush, wife of the wealthy industrialist, at Bowery and Second Street. The tickets are redeemed for food at the Bowery branch of the Y. M. C. A., No. 8 East Third Street.

Senator WAGNER. One of those is a picture of the realities of things now, and the other is of the type we have been lately receiving, and which have been referred to as "prosperity by proclamation." Before your committee the other day it was suggested that "bringing out these ugly things does no good;" but, Mr. Chairman and gentlemen of the committee, you will never cure these ugly things unless you call them to the attention of the public and the authorities. You can never get anywhere at all until there is such a crisis that public opinion is aroused and demands a change.

The CHAIRMAN. The bills are in front of you, gentlemen, which we are considering, the three Wagner bills, and Senator Wagner is now addressing himself to those bills. I say this for the benefit of those who have come in since the Senator began his talk.

Senator WAGNER. The question is whether or not this is a Federal question, this question of unemployment; whether it is something which the Federal Government should deal with. It is sometimes said that it should be relegated to the State and municipal authorities; some even contend it should not go to the State and municipal authorities, but should be left to the individual, claiming that it was not a governmental problem at all.

But, Mr. Chairman and gentlemen of the committee, the causes of employment are nation-wide and its effect is nation-wide. Of all our problems—economic or social—none is more of a problem for national action than the attempt to stabilize employment and thereby prevent the recurrence of serious unemployment.

Perhaps I may repeat what I said the other day, in going over some statistics, of the effect which unemployment has upon the country. I have some figures here of pay rolls and wages paid to employees in one-third of the factories of our country.

The CHAIRMAN. Those are of what date, please?

Senator WAGNER. Here is the total of wages paid per week to one-third of the manufacturing plants in the month of September, 1929.

The CHAIRMAN. 1929?

Senator WAGNER. 1929; yes, sir.

The CHAIRMAN. The reason why I asked that is that up to the time the Couzens committee conducted an investigation into this matter, the matter has been done in a thorough manner, and a remarkable report has been presented by that committee. It is very likely they gathered what was available before making their report. The report of that investigation I have obtained from the Senator from Michigan (Senator Couzens), at least some copies of it, and each member of the committee will find a copy of that hearing of the Committee on Education and Labor of the Senate at his chair, to which there is affixed the report of the committee at the beginning. I suggested that we would not attempt to emulate or duplicate the work of that committee, and so in the statistics, if any, that we receive it is hoped that we may keep them for the period subsequent to the time covered by the work of that committee and the time of the Couzens report. That is why I asked you about the date of the data.

Senator WAGNER. In order to conserve the time of the committee, Mr. Chairman, I am having made an abstract and brief which will call to the attention of the committee certain parts of the testimony presented to the Couzens committee and here arranged under each of the bills now pending before this committee and which I should like to have this committee consider, and if it had not been there presented we would have invited those witnesses to attend these hearings as our witnesses before this committee.

The CHAIRMAN. I thank you very much.

Senator WAGNER. We will submit that later.

(The abstract referred to by Senator Wagner will be found printed in full, beginning on page 25 of this record.)

The CHAIRMAN. If the gentleman who conducted that hearing were not here in person, I would say that nothing to my knowledge in that line has been so well done.

Senator WAGNER. That report goes up to February 9, 1929.

The CHAIRMAN. It deals with the subject up to the first day of January, 1929, but last year's period and until the present date will be appropriate for us to go through; and it will be unnecessary for us to duplicate anything or to present evidence relating to a time prior thereto, except incidentally.

Senator WAGNER. I do not think there is anything I can say, Mr. Chairman, in support of my legislation which is more valuable than the fact that the report of the Couzens committee recommends the very legislation which is pending before your committee.

I was addressing myself to the question of the national importance of this problem from a purely economic standpoint, if we eliminate entirely the humanitarian phase of this question.

Take September, 1929, for manufacturing alone—this data covers a little less than one-third of the factories of the country. There was then paid in wages the sum of $98,635,964; and in the same factories in January, 1930, there was paid $82,113,000; a difference of more than $16,000,000 in one-third of the factories alone represented the wage payments for a week. Multiply that by 3, assuming that the same conditions existed in the other two-thirds of the factories, and you have something like $48,000,000. Now multiply that by 4, and then you have the amount for the month and that reveals that approximately $200,000,000 of purchasing power was withdrawn from the market through that unemployment; that much purchasing power was going into the market in September, 1929, and was withdrawn in January, 1930, in but one branch of economic activity.

The CHAIRMAN. Now, will you give us the authority for the original paper from which you read or quote?

Senator WAGNER. It is, "Summary of Employment; Pay Rolls—Bureau of Labor Statistics," both in September, 1929, and January, 1930.

Senator VANDENBERG. Senator, what is there in connection with those statistics which you deem inadequate, which you want amplified?

Senator WAGNER. So far as they are stated they are all right; but the reason they are inadequate is that their scope is too narrow to give a complete economic picture of the country. The statistics collected by the Department of Labor as to employment are insufficient because they do not cover sufficiently our economic activities. It covers but one-third of our factories. The crude petroleum industry is not touched; nor is there anything about building construction; which is one of the best thermometers of our prosperity. They do not cover agriculture and lumbering.

Senator VANDENBERG. Are there any dependable statistics on building construction?

Senator WAGNER. We have none in the Department of Labor at all on that subject. They are collecting statistics—not in the Department of Labor but in the Department of Commerce—as to the amount of building going on. And right there I might say, that the optimistic reports of the Government notwithstanding, in the month of January of this year (1930) there was $86,000,000 less of construction work done than in January of a year ago.

Senator FLETCHER. Are there not private enterprises which undertake to keep up with those statistics?

Senator WAGNER. Yes, sir. There are one or two that try to show economic conditions and trends. The American Telegraph & Telephone Co. has a large department of economics which does nothing more than collect such data. If it contemplates entering into a community with its service it makes a complete survey of economic statistics in relation to the possibilities of that section of the country, the unemployment, and so forth, which it uses as a basis for prognostication of its future. The Government has not yet seen the value of those statistics and that statistical information, which some of these private industries are collecting.

Senator VANDENBERG. My recollection is that when we passed the Jones prosperity reserve bill, which was based entirely on the construction index, the witnesses advised us that the construction index was absolutely accurate and dependable. That is not your information, as I understand you?

Senator WAGNER. It is not in the Bureau of Labor statistics. It is one of the things included in my bill, so that that important industry may be canvassed and a picture of its unemployment situation secured.

The CHAIRMAN. Your statement in respect to that is based upon your own investigation?

Senator WAGNER. Absolutely. I do not think anybody will question that. There may be in the coming months a recession in unemployment; conditions may get better with the coming of finer weather conditions; but there is no reason why that should lull us into false sense of security. We all know that with finer weather conditions employment is always better. When the prediction was made by President Hoover that in 60 days conditions would improve, he made a safe prediction. The experience of all of us is that May shows the peak of employment; one is safe in predicting that. One can safely say that in May things are or will be better.

But I want to prevent a recurrence of this tragedy we witness every time we reach the bottom of the business cycle by stabilizing employment. It can be done. There was a time when malaria was regarded as something we had to take when it came along, and wait until it left us. But that was all changed when the cure was found. And so with unemployment; they say "wait until the spring," and times will then be better. But we can not chain spring to our streets.

I wish to say that in the effort to stabilize employment so as to avoid these cyclical periods of unemployment, and the resulting distress and poverty resulting from them, the Government can not stand aside.

Now, on the question of whether or not this is a subject for Federal consideration. The tariff is now accepted and long has been accepted as a Federal question, and that has to take careful consideration of the production, distribution, and competition of goods. So, too, we have our Federal reserve system. At one time currency and credit were considered local matters. But we now see that to stabilize credit is a Federal problem. But, comprehending all these topics is the question of unemployment, for unemployment is the foundation of our economic conditions. With employment you have prosperity. Without it, you have poverty, distress, tragedy. When the percentage of unemployment reaches 20 per cent you have an economic panic.

Senator COUZENS. Has the Senator developed any thought as to this cyclical unemployment?

Senator WAGNER. It is due to lack of stabilization of employment.

Senator COUZENS. But I asked whether you had developed any thought or views as to cyclical unemployment?

Senator WAGNER. We must consider the value of regulating production according to prospective consumption; and for that purpose we need the statistics and data and information to which I refer. There must be accurate collection of statistics as to both employment and unemployment, and then we must strive to regulate production so as to extend it over the greater part of the year, and that will eliminate much of the unemployment, because we will have production somewhat in harmony with prospective consumption. We know so many are employed, but we do not know how many are unemployed. All we know is so many are employed, and then we know when so many are laid off; but the other great army is never counted.

Senator COUZENS. How would the Senator correct by stabilization the condition in the radio industry, whereby with a market for 3,500,000 radios we have a production of 15,000,000 per year? That was clearly developed in that industry, that they were producing 15,000,000 radios with a market for but 3,500,000. Can the Senator tell us how he would correct that?

Senator WAGNER. No; except that the intelligence in the large industries must govern that, regulate that.

Senator COUZENS. But if they exhibit no collective intelligence and cooperation.

Senator WAGNER. The Federal Government must be the model—that is, we must contrive a solution and present that for the consideration of industry, and not only the States but the municipalities and private industry will soon come to put it into operation. We can

accomplish it if we erect a structure or a system based on precise information, showing absolutely the economic tendencies, and then have the planning in accordance with that. And undoubtedly just as the Government uses its agricultural plants for securing information and facts which it publishes for the benefit of the farmers and others just so when it gets up this plan it will expect the States to examine into it and adopt it when they see it helps; then it will pass to private industry and they will learn to use these pictures of definite economic conditions to regulate their production so as to bring it in harmony with consumption. There would be no overproduction if we could more or less prophesy just how large a production the consuming public will demand and purchase; and I say with this exact information we can make prognostications which are more than mere guesses of the economic conditions and tendencies of the coming year, at least two, three, and then six months in advance.

Senator FLETCHER. But can you get the industries to do that?

Senator WAGNER. They can do it by united action on their part. They can not do that now, as they can not get the exact information; but the information collected by the Government will be invaluable to industry. They now get information from the Department of Agriculture and from the Commerce Department, which they are not in position to collect themselves. But these most fundamental of all facts, economic and social facts, have been ignored; and I believe there has been a political reason back of it. The administration in power wanted the people to believe that we were in a prosperous era whatever the actual conditions. I heard it on the radio. I heard Dr. Julius Klein talking of technological employment, and the unemployment which results from the substitution of machines for men. That is a problem as to which we know nothing, and which we have made no effort to study, and yet it is a problem which confronts us, which is serious, because it has been estimated in private investigations that machines have been producing a net loss in employment.

Inventions add to our general comfort and wealth and prosperity, and I do not want to halt invention, but we ought to know what it costs. Doctor Klein said, "Without knowing anything about actual figures, these men are being absorbed in new industries which are being created as a result of the inventions," such as the radio business. That may be, but we do not know it. But these private investigators all report that many men and women have had their jobs taken from them and that they are sacrificed on the altar of progress.

The CHAIRMAN. Senator, I was going to ask you a question relating to our procedure. I understand you have Professor Squires, of the University of Chicago, here?

Senator WAGNER. Yes, sir.

The CHAIRMAN. You, like ourselves, are subject to the "call" of the Senate; so yours can be renewed easily where you leave off; but not so with Professor Squires. He can not attend so easily and conveniently. I wonder if the remainder of your presentation could rest in abeyance for the present, and we could call on Professor Squires, and when he has concluded we could then recall you?

Senator WAGNER. I much prefer that, Mr. Chairman.

The CHAIRMAN. Professor Squires, you may proceed.

STATEMENT OF PROF. BENJAMIN M. SQUIRES, CHAIRMAN OF THE GENERAL ADVISORY BOARD OF THE STATE OF ILLINOIS.

Professor SQUIRES. My name is Benjamin M. Squires, my address is 223 West Jackson Boulevard, Chicago. I have several positions, Senator, and I suppose some should be on the record so as to relate me to this broad subject. I am chairman of the board of arbitration of the men's clothing industry, Chicago; I am chairman of the general advisory board of the State of Illinois; I am chairman of the unemployment fund of the men's clothing industry; and I am on the faculty of the University of Chicago.

The CHAIRMAN. You appear here at the instance of Senator Wagner do you not?

Professor SQUIRES. Yes, sir.

The CHAIRMAN. And in relation to the three bills he has pending before this committee?

Professor SQUIRES. Yes.

The CHAIRMAN. We would be glad to hear any statement you desire to make relating to those three bills and their related subject. You may proceed as you desire.

Professor SQUIRES. I should want to address myself primarily to Senate bill No. 3060, relating to the establishment of a national employment system. If I may be permitted I should like to speak of practical aspects, assuming that the theoretical aspects of employment and unemployment offices have been discussed at considerable length.

I have not prepared a brief, as I wish to be as concise as possible; and what I have to say can be said in a very short time.

I should like to say this on the employment situation in general: It seems to me that every one must admit the seriousness of the situation during the past few months. The measures that have been taken to prevent further dislocation on industry seem to me to have been admirable both in meeting the psychology and in the practical steps taken.

In the State of Illinois I have known that measure of cooperation on the part of industry, and by industry I mean primarily associations of employers, that is quite beyond anything I had observed previously. Such associations as the Chicago Association of Commerce, the Illinois Manufacturers Association, and others, have responded not only by word but by action, to two recommendations which the advisory board, of which I am chairman, has made.

With the consent of the governor of the State of Illinois, the board recommended to industry that during this period a program of short-time employment with the normal force, rather than a permanent reduction in the force, be resorted to.

We had from these several associations an appreciation of the situation, and a bulletin to the membership recommending that this situation as an emergency one be met in that way to avoid the further lay-off of men with families who had been accustomed to a regular wage and were not accustomed to seeking aid from charity organizations.

The next step was to provide emergency employment for men totally out of work and who were in need. I think the attitude of the employers was in response to the position taken by the administration, by President Hoover, early in the situation last fall.

Senator COUZENS. Does the professor believe that is a new undertaking?

Professor SQUIRES. I do not, Senator; but it is more known in the Eastern States than in the mid-Central States. In a number of industries in the Eastern States that has been the method in granting relief in slack seasons—to lay off but a portion of the force; but it is not so common in the mid-Central States.

Senator COUZENS. In 1920 and 1921 the Detroit industries did that quite generally.

Professor SQUIRES. I did not know. Our information regarding the majority of the mid-Central States is that the practice is not as common there as in some of the Eastern States.

As to Senate bill 3061 I want to say this: As to what Senator Wagner says in regard to the inadequacy of index of unemployment, I agree with him heartily. Our greatest weakness is a lack of an index of unemployment. As long as industry was stabilized an index of the more stable industries was a fair index of unemployment if we considered the changes in each and the numbers added by immigration and the mortality statistics. But with the shift in industry which has been going on for a number of years we find our employment indexes are more and more inadequate, as they do not take account of those in industries not previously covered. Our only conclusive figures on unemployment will be from the results of the census when taken this year. It will be unfortunate if some means can not be found whereby the information from this census on unemployment could not be supplemented from time to time.

Senator VANDENBERG. How frequently do you think it should be supplemented to be practical and useful?

Professor SQUIRES. I should hesitate to venture an opinion on that. It is neither possible nor necessary to have a complete annual inventory of labor, as the census inventory; but I believe a relatively small sample in industrial centers annually would be a sufficient index.

The employment index we could obtain annually by covering a sufficiently large sample of industry.

Senator VANDENBERG. I had in mind a section of one of Senator Wagner's bills in which he proposes the collection, collation, reporting, and publication at least once every month, full and complete statistics of the volume of and changes in employment. So I would like to know, do you think it is necessary to get that once a month and publish it in full, or even practical to do so?

Professor SQUIRES. What I said in relation to annual sampling referred to unemployment and not to employment. I think as an index the practice of having monthly reports from those industries should be followed.

Senator VANDENBERG. This bill proposes nothing new in that respect?

Professor SQUIRES. No, sir. It is a matter of monthly report by the bureau.

I have nothing to say on Senate bill 3059 beyond this, that the proposals made to industry last fall by the administration to prevent the development of what appeared to be the beginning of a crisis had this weakness, that they were in the nature of a longer time program than industry can immediately put into effect. In other words, when industrial leaders agreed that last fall was no time to "rock the boat" and that it was a good time to plan ahead for further construction, it was difficult to put that program into effect promptly enough for immediate relief, and I believe much of the distress and unemployment of the last few months could have been avoided had there been available as a result of a public-works program a fund which could have been made immediately available for construction.

The CHAIRMAN. Do you believe an emergency in unemployment exists at the present time?

Professor SQUIRES. I believe the emergency has existed for several months, and that the emergency is still present, at least in the States in which I am familiar, and I believe there are signs of the taking up of some of the slack, but from indications in New York, Chicago, Philadelphia, and some other large cities I have been in during the past few weeks, I should say the unemployment situation is acute.

The CHAIRMAN. Can you give us the extent of unemployment as you now see it and the industries most affected?

Professor SQUIRES. I am not in position to state, nor do I believe anyone else is in position to state, what the unemployment situation is in any State.

The CHAIRMAN. Can you give a general picture of the situation, say, in Chicago?

Professor SQUIRES. As to numbers?

The CHAIRMAN. As to numbers or cumulative effect or as you desire to portray it.

Professor SQUIRES. As to numbers we have nothing except the applications for jobs as a guide, which I do not regard as an accurate index. That ratio has been in the last few weeks 5 to 1, which is the highest it has been for some time.

The CHAIRMAN. You mean by that just what?

Professor SQUIRES. Five applications for employment to one request for help from employers.

The CHAIRMAN. The reports of the councils of social agencies in the city of Chicago would indicate they are still faced with a very acute problem in so far as taking care of cases of actual distress are concerned. They regard the situation of the last two months as the most acute they have experienced in the last 10 years; certainly as bad as the worst previous depression.

Senator FLETCHER. What has brought that about?

Professor SQUIRES. I do not know that you can cite anything as responsible for it in the city of Chicago which is not true of any great industrial center. I have not gone into the cause of unemployment, as it is in part a theoretical discussion which I choose not to take up. I think it is primarily a lack of balance between production and consumption; but I prefer not to discuss that.

Senator HAWES. What effect has the farmer boy moving to the city for employment had upon the general situation?

Professor SQUIRES. As a long-run tendency it no doubt has its effect. In relation to the situation of the past few months I think its connection is very remote.

If I may, I will address myself briefly now to Senate bill 3060, the bill for the establishment of a national employment system.

I make the obvious assertion that any employment system must be supported by industry if it is to work. You may have the best-planned, the best-organized, and the best-staffed employment agen-

cies it is possible to put up; and unless industry cooperates in securing its help from those agency offices, they will not function.

The thought is not new, but, if I may cite a practical development of it in Illinois, I would like to do so because of its bearing upon certain provisions of this bill. I have asked myself frankly on a number of occasions whether public employment offices were serving any useful purpose, and whether industry in this country needed such offices. Large industrial concerns employ a competent, trained personnel-and-employment man. They have employment offices that are better planned; they have a better-organized record-keeping system; and apparently they are in better position to handle applications for help and to select the men and place them than public employment offices have ever been.

Due in part to a desire to secure their response, I have met with some 30 employment-and-personnel men of the large private industries in and about Chicago for the past six months. I put to them the question, "Do you see from your point of view a need for public employment offices?" The response in every instance was "Yes." The reason given was, first, that there was a tremendous waste on their part in the number of applicants which they either interview or turn away from their gates; and, second, that they were inquiring among themselves as to how the great number of people who apply to them and whom they do not want, can be turned over to some other industry where they are needed.

To cite an instance of that kind: One concern in Chicago employing 40,000 workers had a turnover of 62½ per cent annually; which means that they employ approximately 24,000 new workers each year. To finally employ those 24,000 they interviewed 250,000 during the year 1929; which means that approximately there was placement for but 1 out of 10 applicants. Those 210,000 applicants not employed by that concern went to other concerns, and probably to 10 other concerns.

Senator COUZENS. What happened to the industry requiring that number?

Professor SQUIRES. Employees had left.

Senator COUZENS. Have you any notion as to why they left?

Professor SQUIRES. A turnover of 62½ per cent is not a high turnover. Another concern in the Chicago area employing 75,000 workers had a turnover of 85 per cent.

Senator COUZENS. Is it not fundamental as to why these men leave?

Professor SQUIRES. Yes, sir. I might add at this time that that turnover does not mean that 24,000 jobs were filled or were refilled. It means that some job might have been filled five times. But from the point of view of the labor force it means that from 24,000 to 25,000 came into the plant, and that number went out during the period of 12 months.

Senator FLETCHER. Voluntarily or involuntarily?

Professor SQUIRES. Many times they were unfit for the jobs they sought; others could not find suitable places in the plant; and others simply quit. More than one-half of the turnover was of workers employed in the plant less than six months.

Senator COUZENS. Has any attempt been made to determine why these men leave?

Professor SQUIRES. I had a graduate group at the university working on that problem. It does not fit into my story at this moment.

Moreover, in the State of Illinois there exists 425 private employment agencies; which indicates a need for clearance outside of the employment offices of private industry. I do not mean by that to say that the private employment office is in itself an indication of the inadequacy of industry to support its own need; but the fact that these private agencies get enough business to make some profit shows that industry is not taking care of its own needs. By private employment offices I mean those who take a private fee, as distinguished from the public employment offices or the employment offices of private industry.

Senator HAWES. What is their charge or fee for securing employment?

Professor SQUIRES. In the State of Illinois it is $2; and the private offices are under State inspection in the State of Illinois.

I then asked these personnel men if public employment offices are needful, first, to prevent undue waste; and, second, to provide a clearance between industrial concerns; and, third, why don't you use them?

At this point I must be frank: Their answer concurred with my own views as to public employment offices wherever they have been set up; and that is that the best labor does not apply there. And when they have tried to get help from the public employment offices they find the men they send do not fit the job. They state in further detail that the public employment offices are not well located, not well planned, not well staffed; that the personnel of the public employment offices is frequently controlled by political influence; and that the insecurity of the job makes it difficult to secure competent help through those offices.

I say that with some hesitation, as one of the duties of the General Advisory Board of the State of Illinois is to supervise those public-employment offices; but I say it with a certain amount of freedom, as I know they will cooperate with the board and with industry in setting up the kind of board that will meet the needs of industry.

I then asked these men if they would cooperate with the advisory board in setting up objective standards for public employment offices; and I said that I assumed that the methods they had set up in their own industries represent what they considered desirable. I have now a subcommittee of seven on a committee, representing seven of the largest private industries around Chicago. That committee of seven is meeting the graduate group which I have in the University of Chicago; and we are working on the five things: Physical location—where they should be; how they should be laid out; what arrangements should be made for inspection of applicants and what arrangements should be made for interviewing; some way of standardizing the interview.

Surprising as it is, the personnel men throughout the country have not agreed as to what information should be had from the applicant to test his fitness for the job he seeks. You will find as many forms for applicants to fill out as there are industries and personnel men.

In the public employment offices we use those drawn up 15 years ago, which have not been changed since.

Third. The subcommittee on the personnel of the office—in other words, what qualifications should an interviewer have to interview an applicant and obtain from him information that would make it possible to place the applicant in the job?

Fourth. A subcommittee which will work out means of connecting the worker with the job. That I regard as the most important committee, as it is faced with the fundamental feature of the thoroughgoing job analysis not only for one industry but with cross-references of different industries. When we see men squeezed out of one industry we must be able to determine whether they can not be placed in some other industry which then needs men. Many occupations in one industry have parallel work in other industries. I do not think we will reach a thoroughgoing inventory of labor until we know in what category a worker not needed in one industry can fall with least effort into another industry. Certainly any vocational training must be given with this in mind if it is to be well done.

Fifth. The last subcommittee has to do with the relations of the public employment offices with private industry, and also with those fraternal or other associations which have placement bureaus for their constituents.

If it is fundamental that industry should support public employment offices if they are to function properly, it is equally fundamental that there should be that close tie-up between the employment offices of private industry and the public employment offices and the placement bureaus of fraternal and other organizations.

Following that, it seems to me vital some means when an employment agency is set up under certain standards to provide some means for continuing that close tie-up with industry. That is where I certainly do not know what can be done. If industry can agree that the coarse sifting of applicants shall be made at the public employment offices and that it will be known that applicants must first go there, instead of interviewing 10 people to fill 1 job, they will interview 5, and the other 5 will be sifted out at the public employment office.

The problem will be to maintain the interest of industry if the public employment offices are set up, so they will continue to serve.

The experience in Wisconsin is that industry was with the service when it was inaugurated and then gradually lost interest and ceased to patronize them after losing their interest.

I would like to suggest for the consideration of this committee the feasibility of making some sort of charge to industry, with industry's consent, for the service of the public employment offices. That charge could be nominal and it could be less than it costs them to perform similar service but sufficient so that they would scrutinize the personnel of the public employment offices as well as the way in which the office was handled.

Our problem in Illinois, where we have provision for advisory boards, is to get responsible employers and representatives of the workers to serve on the boards, as there is little the boards can do more than to advise, and frequently the advice is not followed.

Senator COUZENS. Have you any information as to the offices in Milwaukee?

Professor SQUIRES. Yes, sir.

Senator COUZENS. Does that meet with your views?

Professor SQUIRES. The Milwaukee offices—I was about to say that the Milwaukee offices to my way of thinking, 8 or 10 years ago was as good as any in this country. I think they failed to measure up to the standard of private industries. They have deteriorated in physical location. The location is less desirable, and the place is less inviting and attractive.

Senator COUZENS. What brought that about?

Professor SQUIRES. Lack of support on the part of industry.

Senator COUZENS. Why?

Professor SQUIRES. I suppose industry found better service could be had at their gates.

Senator COUZENS. Will you elaborate upon that expression?

Professor SQUIRES. I said that industry agreed that the first discard could be made at the public employment offices, where 5 out of 10 could be combed out.

The CHAIRMAN. But originally 9 out 10 were drawn out, as I understood?

Professor SQUIRES. Yes, sir.

I think if you can not sell the notion of the central employment clearing house and the fact that the public employment offices are fitted to make the first selection at least as good as private industry can, then you do not solve the problem. I have made the suggestion that the best personnel men should be employed; that the 10 applicants who must be given preliminary test to get 1 will first have to pass through the public employment office. The case to which I referred where they had 62½ per cent turnover did not indicate efficiency. It might have meant poor picking and poor handling after picking.

The CHAIRMAN. Which is it?

Professor SQUIRES. I do not know. We have attempted to find out why the worker who has passed the first two or three interviews and, taken on, did not stick. Some of that must be due to careless picking; some to lack of appropriate testing standards—like the War Department had to try to work out during the war. But we are lacking miserably in a definite and agreed-upon way of testing the fitness of the applicant for a job. The United States Civil Service Commission has been working on the last test.

Senator COUZENS. Have you ever considered whether inadequacy of pay was a factor?

Professor SQUIRES. Yes, sir; I doubt if anyone can say, without interviewing the workers who leave, whether they leave because of unsatisfactory wage. I hesitate to say, but my impression is that the larger number of the people who leave a job are let out rather than voluntarily leaving it.

Senator COUZENS. Is it not strange that only the employer is consulted and interviewed in all these statements? Your statements are all based on the views of the employers and the management. I have not yet heard of any interviews carried on through the employees.

Professor SQUIRES. We have the fullest cooperation with the organizations there. Our advisory board has had John Walker, president of the labor union there, and Agnes Lester, of the Woman's League.

Senator COUZENS. The unorganized-labor group does not seem to be adequately represented.

Professor SQUIRES. Where workers are not organized it is difficult to find adequate expression, and for that reason we turn to the organized-labor leaders.

Senator COUZENS. Would it not be of value to learn the difference of mind prevailing between union labor and unorganized labor?

Professor SQUIRES. But how can the unorganized become vocal?

Senator COUZENS. By interviewing. You have the 30 organizations; why not the unorganized?

Professor SQUIRES. Of these 30, the greatest number of those employers are in industries that are unorganized.

Senator COUZENS. Could you not get the same information from them as you got from the others?

Professor SQUIRES. I think we get that in some measure.

Senator COUZENS. I have not heard you discuss upon it yet.

The CHAIRMAN. I think what the Senator is suggesting, Professor, is that what you have said is from the standpoint, in the main, of the employer and his interest, as indicated by the questions; and yet there are standpoints of the employee as well.

Professor SQUIRES. It seems to me, that I have intended to emphasize what I regarded as the essential thing if a public employment system is to work; and that is, that you must have the cooperation of the employers in the use of that system. I grant you must have the cooperation of the workers, too; but the cooperation of the workers, it has been found, where the employment service is much more extensive than here, could be obtained only if registration were compulsory; in other words, if there was a monetary gain from registering, as, for example, in England, where they must register for their dole. Without registration they can not get it. Without that there can be given an incentive to workers to clear through public employment offices, and thus avoid frequent application at the gate if industry should let it be known that the first clearance was at the public employment office.

I was purposely attempting to emphasize what I thought was an absolute necessity if public employment offices were to be made to work. It has not occurred to me that the worker would not object to applying where there might be a number of jobs.

Senator COUZENS. While you are on that point, if the most thorough organization for employment had been in existence, to what extent would that have alleviated the present conditions?

Professor SQUIRES. It would have alleviated them to but a slight degree, but we would have known earlier what the trend was; and that is the information we need.

Senator COUZENS. What would you have done?

Professor SQUIRES. Done earlier what was done at that time.

Senator COUZENS. What was done?

Professor SQUIRES. Industrial leaders were called in, and certain demands made as to industrial policy for the months to follow; and I believe that was helpful.

Senator COUZENS. How many jobs did that give the workers?

Professor SQUIRES. I do not know.

Senator COUZENS. So that all you have to say is that you can not measure the actual results obtained by that?

Professor SQUIRES. No, sir; I should not want to go on record as saying that public employment offices in themselves would prevent an industrial crisis. I think, however, they would prevent or help prevent the dislocation of the work, not by being able to supply workers with jobs but largely through being able to supply labor information.

Senator COUZENS. To what extent would these employment agencies relieve the situation if it was different in one community from another?

Professor SQUIRES. It would be possible with a system of public employment exchanges, with provision for clearance of information, as between States; and this would have some value. I do not know how much. It would be possible then to use a surplus by having them step from one place to another.

Senator COUZENS. To what extent have you found that workers will pick up their home and go to another place to select a job?

Professor SQUIRES. They are less firmly rooted in this country than they are in some of the countries of Europe. Many of them will undergo wage reductions rather than move to another communities.

Senator COUZENS. Have you ever analyzed to what extent workers will migrate from one place to another to secure a job?

Professor SQUIRES. We are in process of tabulating that for the year 1928, using approximately 200,000 applicants. It shows a considerable number of workers who in their last employment were outside of the Chicago area. Many came in from Iowa and Indiana; but my idea as to the quantity of migration from one State to another is that it is small. I think some of the by-products of the national system of employment would be of value.

Senator COUZENS. The best that can be hoped for from these bills (S. 3059, 3060, and 3061) would be merely a slight alleviation of this demoralization which rises through lack of planning in the industrial fields.

Professor SQUIRES. My contention is that industry can not plan as well as its should.

Senator COUZENS. Why?

Professor SQUIRES. Because it lacks information?

Senator COUZENS. What kind of information?

Professor SQUIRES. Lack of information on the labor market.

Senator COUZENS. That has nothing to do with the quantity of production. If manufacturers produce five times what is needed labor statistics won't help that.

Professor SQUIRES. I should want, as a manufacturer, to know about my labor supply as well as my raw material. I think it is a common misunderstanding to think that a manufacturer can build his plant in a wilderness and that labor and raw materials, and other needs will find the path to his door. I should say it was a short-sighted plan to plan without information as to labor-supply source and source of needed raw materials, and capital resources.

Senator COUZENS. When industry can hire labor for six months and then kick them out the other six months of the year, they are not much concerned with labor.

Professor SQUIRES. Yes; that is the deplorable situation.

Senator COUZENS. You have not observed any general trend among industry to divide the production over the 12 months of the year?

Professor SQUIRES. Yes.

Senator COUZENS. How many?

Professor SQUIRES. A great many. I have people who make that field their specialty; and who testify as to that.

Senator COUZENS. What is your observation on that?

Professor SQUIRES. My observation is that a large number of industries have gone a long way toward regularizing their production,

their markets, their labor, their competition, and the like questions. And they utilize their plants and their force 12 months of the year instead of 6 months; and their unit overhead is less than when operating but 6 months of the year. Moreover, I do not know that regularizing employment in one plant or a number of plants, may not cause greater unemployment in other plants at the time regularization is started.

Senator COUZENS. Will you elaborate on that?—I do not quite get your point.

Professor SQUIRES. I suggest that was not my field—the regularization of industry. But in a given industry where the demand for a given production is in a sense reflected in the price, one concern in that industry might, by extraordinary or ordinary means, so regularize its production that it could use its plant 12 months of the year where it had been using it 8 or 9. That greater plant production would mean it could produce at lower cost. It would mean that it would stay stationary in production, or that it took advantage of increased profit or it might be passed to the consumer, which would increase the demand, and through increased demand expansion results. That would force a marginal producer to get out; his employment would be less regular than before competitive plants stabilized industry. That would be a short-time feature. I believe the less efficient firms are a menace to society.

Senator HAWES. Do you believe in the policy of absolute frankness with regard to the matter of unemployment?—That is to say, is it the proper psychology to conceal the fact of unemployment—to minimize it so that it does not excite—or to meet the situation fairly and give all the details of unemployment to the public? Which is the better policy for the Nation and for the unemployed?

Professor SQUIRES. I can only express my personal opinion.

Senator HAWES. That is what I want.

Professor SQUIRES. I can see the wisdom of trying to prevent mob hysteria, and at the same time not exactly misrepresent the situation. In other words, last fall there was in the program a frank recognition that the industrial situation was not good, and that some of the steps taken were for the purpose of preventing mob hysteria; and so, in the same sense that I think it is proper in a theater fire for some one to get up and shout "There is no fire" to prevent or allay hysteria, under these conditions I think there is some use in seeking to prevent hysteria.

On the other hand, any misstatement as to unemployment encourages labor leaders and leaders of industry to become apathetic. That is the trouble we have had in the past. When we have had an unemployment crisis we have made arrangements for it; and then we sat and waited for the next one. When I say "we" I mean myself as well as others. I think there has been a tendency to forget the facts of unemployment merely because they are not constantly brought before us.

The CHAIRMAN. For the legislation in the present instance to be beneficial, do you think that should be continued?

Professor SQUIRES. No. I should regard these as long-time bills, as bills which would give us a bit of information, and which would provide means, as far as the measures suggested can be means, of preventing the recurrence of such matters.

The CHAIRMAN. Generally speaking, do you favor these bills?

Professor SQUIRES. I am unable to speak with any considerable authority on the program for public works. It is not my field and I have so stated to you.

I speak only on the statement that if there were substantial funds immediately available as against the unavoidably delayed program of industry matters would be improved. The others I am in favor of.

Senator HAWES. I understand the psychology of "Hope"—that there will be an improvement and efforts made for improvement, and that there will be work in a certain number of months; but in a situation where a statement is made, let us say, for purposes of illustration, that there are 1,500,000 men out of employment was stated when as a matter of fact there were 3,000,000 men out of employment. Is that sort of a statement helpful or harmful to the solution of this question?

Professor SQUIRES. To broad-minded men of industrial affairs it seems to me it is harmful. As information put out or broadcast to the public generally it may be it will lull them into forgetfulness until they get hungry enough so they can not forget.

The CHAIRMAN. Take the situation in Chicago, with which you are familiar. You and your associates and the agencies with whom you cooperate, make a survey. Let us say for illustration that there are only 500,000 men out of employment—that is an exaggeration—when as a matter of fact there are 1,000,000 men out of employment. Does it help in any way the unemployed or the employer to arrive at the facts, to have such a statement issued?

Professor SQUIRES. No, sir. But I do not believe industry has been fooled in the past few months by that. We have had that sort of information in the press of Chicago; but against that these associations of employers tell me frankly that the situation is acute, and apparently they are motivated by the press men.

The CHAIRMAN. Will this Wagner bill come too late for the present situation, or will this bill prepare the way for the future by securing more accurate information and digesting it? By its very frankness and thoroughness and the information it gives, will not that be helpful?

Professor SQUIRES. Absolutely.

The CHAIRMAN. I understand that is the thought the Senator has back of his bill—that he is not going to put more men to work to-morrow; but as in the case of a disease, the facts of a virulent disease the patients had better know about it, so that the proper remedies may be applied; and I take it he is laying the foundation for an accurate service so that the Government, national and State, and the employer and employee, may have actual facts before them. I believe that is the psychology back of these bills. I was interested, therefore, in the reaction of your thought to the suggestion of perfect frankness in this matter.

Professor SQUIRES. I think we can not afford to be otherwise than perfectly frank.

If I might add one more suggestion, Mr. Chairman, I shall conclude my remarks. I can not overestimate the importance of picking competent men. In this set-up, if the condition of a subsidy to the States is considered, we must keep our system of employment offices up to the standards of those of the Federal Government. Therefore, it is all the more important that the Federal Government should have the cooperation of industry in setting up those standards. We have had

too many instances of poor administration in public offices, and if we are merely to duplicate that on a larger scale, I am not in favor of it.

The CHAIRMAN. You are speaking now wholly of administration?

Professor SQUIRES. Yes, sir.

The CHAIRMAN. Of course, a good law poorly administered is no better than a bad law administered so as to do harm. But you favor the employment bill of Senator Wagner if it is properly administered?

Professor SQUIRES. Yes, sir.

The CHAIRMAN. I asked you that as you made some animadversions on public employment.

Have you bread-lines in Chicago? I mean at the present time?

Professor SQUIRES. We had last week.

The CHAIRMAN. To any extent?

Professor SQUIRES. I think they are diminishing.

The CHAIRMAN. To what extent have they existed in the past week?

Professor SQUIRES. We have lines every day that form at those social centers that provide free lunches. I have not counted them.

The CHAIRMAN. Are there many, speaking generally?

Professor SQUIRES. In general terms, compared with previous years there are more men in line.

The CHAIRMAN. There are many more, are there not?

Professor SQUIRES. Yes, sir.

The CHAIRMAN. So that the situation from that standpoint, where men possess the requisite qualifications for employment, you find there are many more subsisting upon the charity of your people than ever before?

Professor SQUIRES. Yes, sir. And of those applying there are many who have withheld from joining in such lines in the past. Those who held regular jobs formerly, and who are not accustomed to it.

The CHAIRMAN. I suppose it is impossible for you to give any actual numbers as to those out of employment and those standing in the bread-line.

Professor SQUIRES. No, sir; it would be only conjectural.

The CHAIRMAN. Are there any others who wish to ask questions of this witness?

Senator WAGNER. What I hoped could be done, Mr. Chairman, is not only to meet the situation when it comes but to prevent its coming by means of this legislation. This is to prevent a situation such as we now have.

It is that very thing which I hope to accomplish with this planning bill. That states "recession downward," instead of waiting until wide unemployment arrives.

Professor SQUIRES. If you know in advance and have the facilities to prepare against it, you never would have a real crisis. That is what I am trying to prevent. But the figures of the Federal Reserve Bulletin, way back in June of last year, and following it on down to the beginning of November, showed a steady decline in production; so it did not come overnight and there was time to see it coming.

The CHAIRMAN. My colleagues infinitely prefer that these hearings go over for two or three days. Would it be all right to you if we adjourn now until Friday morning at 10 o'clock?

Senator WAGNER. Yes, sir. I will notify our witnesses.

The CHAIRMAN. With the consent of the committee we will adjourn until Friday morning at 10 o'clock.

(Thereupon at noon the subcommittee adjourned to meet on Friday, morning, March 21, at 10 o'clock.)

ABSTRACT AND BRIEF ON UNEMPLOYMENT IN THE UNITED STATES

IN SUPPORT OF THE BILLS

S. 3059, S. 3060, AND S. 3061

SUBMITTED BY

SENATOR ROBERT F. WAGNER

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ABSTRACT AND BRIEF BY SENATOR ROBERT F. WAGNER

ADVANCE PLANNING

S. 3059.—A bill to provide for the advance planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment during periods of business depression

GENERAL ANALYSIS

1. *Object.*—The judicious timing of public construction so as to take up slack at the beginning of an impending recession in private employment, in order to prevent periods of depression.

2. *Federal instrumentality created.*—(*a*) A board to be known as the Federal employment stabilization board is created, to be composed of the Secretaries of the Treasury, Commerce, and Labor.

(*b*) The chief executive officer of the board is to be a director. All other experts and assistants are to be appointed under the civil service laws.

3. *Methods of operation.*—(*a*) The advance planning of public projects.

(*b*) Acceleration by the Government of all public works under its control when business recession is imminent.

(*c*) The inauguration of emergency projects.

4. *Advance planning.*—(*a*) Advance planning is accepted as the policy of Congress.

(*b*) It is to be accomplished by preliminary reports; by excess authorization of projects beyond annual appropriations, and by the preparation of detailed construction plans in advance.

5. *Acceleration.*—(*a*) The President directs the Secretaries of War, Treasury, and Agriculture, which Secretaries are in charge of the public construction of the Government, to accelerate public works when necessary to forestall business recession.

(*b*) This method is of special utility when Congress is not in session.

(*c*) This alone may be sufficient for minor depressions.

6. *Emergency projects.*—(*a*) When the board finds on the basis of construction contracts the index of employment and other statistical information, that business activities are likely to decline it recommends action to the President.

(*b*) Upon such recommendation the President transmits to Congress supplemental estimates for additional appropriations for the construction of public works, plans for which had been made as provided under 4 above.

(*c*) The projects for which such appropriations may be made are:

1. Highways.
2. Rivers and harbor works.
3. Flood-control projects.
4. Public buildings.

7. *Special features.*—In order to make the highway and public buildings program more effective to prevent unemployment, a few minor adjustments are made in the allocation of moneys under the highway act and the public buildings act.

8. *Authorized appropriation.*—One hundred and fifty million dollars.

ANALYSIS BY SECTIONS

Section 1. Title: Employment stabilization act of 1930.

Section 2. Definition of the terms "board," "United States," and "public works emergency appropriation."

Section 3 (a). Establishes the Federal Employment Stabilization Board with a membership composed of the Secretaries of the Treasury, Commerce, Agriculture, and Labor, and prescribes the function of the board, to advise the President of the trend of business activity.

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Section 3 (b). Provides for the personnel of the board, the chief of which is to be a director. All other assistants and experts are to be selected under civil service and their compensation fixed under the classifications act.

Section 4. Prescribes the basis of action of the board in advising the President. It prescribes that the board shall take into consideration the volume of construction contracts for a period of three months preceding action and that it may take into consideration the index of employment of the Department of Labor and any other information concerning employment.

Section 5. Public works emergency appropriation: On recommendation of the board that a period of unemployment is likely to exist the President is requested to transmit supplemental estimates to Congress for emergency appropriations.

Section 6. Works on which appropriation is used: Emergency appropriations are to be expended to carry out the provisions of the Federal highway act, for river and harbor works, for flood control projects, and for public buildings.

Section 7. Index of employment: The Secretary of Labor is directed to publish an index for the United States as a whole and for each substantial portion thereof.

Section 8. Preparation of index: All departments of the Government are directed to make available to the Secretary of Labor such statistics as they may have to assist in the preparation of the index of employment.

Section 9. Acceleration: The President is directed, in order to prevent unemployment, to direct the Secretaries of War, Treasury, and Agriculture (under whose jurisdiction the public construction of the Government is conducted) to accelerate the prosecution of public works under their control.

Section 10. Advance planning: Advance planning is made a policy of the Government and methods for accomplishing it are set forth: By means of preliminary reports; authorization of projects in excess of annual appropriations; preparation of detailed construction plans.

Section 11. Public-road projects: Sets forth the details of the method of apportioning the moneys to the various States for the construction of Federal-aid highways out of emergency appropriation and for correcting any inequalities among the States that may arise out of awarding to States emergency appropriations for such Federal-aid highways

Section 12. Public buildings: Emergency appropriations for public buildings shall not be subjected to the method of allocation prescribed in the public buildings act of May 25, 1926. Congress is given power to allocate and in default of action by Congress, the Secretary of the Treasury may allocate.

Section 13. An appropriation of $150,000,000 for any fiscal year is authorized.

THE USE OF PUBLIC WORKS TO PREVENT UNEMPLOYMENT

The purpose of this bill is to provide machinery for the initiation or hastening of Federal construction at periods when industrial activity shows signs of contraction.

The fundamental requisite for effective results in a public works program is the existence in advance of engineering plans and machinery for placing contracts at the moment when general business has started on the down grade. Unless such provision has been made in advance, it will take months after the need has arisen before the necessary construction can be started. Experience has shown that without advance planning and prepared blue prints, anywhere from six months to a year is taken up before the first foundation stone can be laid. Such provision for advance planning is made in this bill in Section X.

The first advantage to be gained from a planned system of Federal public works is the fact that it will act as a stimulus to industrial activity which will be reflected in every part of our economic system. To the argument that the amount spent by the Federal Government each year, i. e., $350,000,000 is an insignificant factor in the total construction bill of the country, i. e., $7,000,000,000 it must be answered:

The $350,000,000 of Federal expenditure may mean the difference between a serious and prolonged industrial depression and a mild and temporary recession. To cite a concrete example, let us assume that when the first shadows of depression became visible in the autumn of 1929—as evidenced by the decline in the index of manufacturing production of the Federal Reserve Board from 129 in June to 122 in September—there had been ready complete plans and blue prints for the construction of Federal buildings, roads, rivers, and harbors, or any other kind of project in any part of the country. Let us assume further that $150,000,000 worth of contracts had been let just as soon as the recession in industry

had been noticed, that is, before the month of October had passed, for undertaking some of these projects. What would have been the practical effect?

1. Irrespective of where the work was to be done, be it the lower Mississippi Valley, the plains of Kansas, the arid region of Arizona, or the city of New York, the first result would have been the direct placing of orders for steel, cement, lumber, brick, and the products of 20 other industries whose output is used in construction work. The immediate effect, in other words, would have been felt in the major, basic industries of the country. Granted that the amount spent for the products of these industries by the Federal Government would have been relatively small as compared to their total annual business, it must be borne in mind that the orders they would have received at a time when they were in the process of laying off workers would have had the immediate effect of checking further discharges of labor. In last analysis, this means that workers in virtually every industrial part of the country where iron and steel, cement, brick, copper, lead, lumber, and numerous other goods are produced, who otherwise had been thrown out of employment would have had their purchasing power maintained.

2. These workers, in turn, even though their number may not have been exceedingly large, would have continued to make purchases from retail merchants.

3. The retailers who otherwise would have been unable to continue to buy from jobbers and wholesalers would have continued to place orders for shoes, clothing, food, and hundreds of other commodities carried on their shelves.

4. These orders would have soon been reflected in the purchases made from manufacturers by wholesalers and jobbers.

5. Workers in clothing factories in New York, spinners and weavers in New England, shoe manufacturers in St. Louis, automobile workers in Detroit, and tire workers in Akron would be kept on the pay rolls instead of being discharged.

6. These workers, in turn, would have spent the proceeds of these pay rolls on food, clothing, automobiles, and other things for their own use.

7. These purchases would have made themselves felt further in the retail, wholesale, and manufacturing trades, with the result that there would have been a progressively larger "snowball" of purchasing power, and employment would have been increased by a process similar to a spiral.

8. The stimulus would have been felt throughout the entire economic structure, moving from the producers of the most highly fabricated products to the producers of raw materials and the farmers.

What would have happened in fact is that the $150,000,000 of construction orders placed by the Federal Government would have grown into a purchasing power equal to many times its original size. Critics of the public-works program in saying that its beneficial effect would be limited to a relatively few workers assume that the money spent by the Federal Government, once it came into the hands of the suppliers of building materials and building laborers would disappear from circulation. The fact which should not be overlooked is that the American dollar circulates with great velocity. According to an investigation of the Federal Reserve Bank of New York, every dollar of commercial bank credit circulates 40 times a year before it disappears from the channels of industry and trade. What might seem like a small expenditure by the Federal Government will, if made at the proper moment, do a job equal to several billions of dollars.

The second effect of a Federal public works program will be its reaction upon other divisions of the Government. It will establish an example and set a standard of performance for the States, counties, cities, and towns to follow. The expenditures of the subdivisions of the Government in the United States for construction amounts to three and one-half billion dollars a year or to 50 per cent of the total construction expenditures of the entire country. Some cities and States have already undertaken programs of planned public works. Once the Federal Government sets the pace, others are sure to follow.

The final, and in a sense one of the most important, results of a Federal system of planned public works would be its effects upon the policies of American business. American business must develop a psychology of stabilized, regularized production and steady employment must be made a "fashionable" thing. There is no better way to start this "fashion" than an example set by the Federal Government.

Mr. Daniel Willard, president of the Baltimore & Ohio Railroad, recently said, "Stabilization can be promoted more by a state of mind than almost anything else that I can think of." We must develop in America a "will to regularize." With the Federal Government pointing the way, we may look forward to the time when American business and industry will also put into effect its own "planned works" program.

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SUMMARY OF TESTIMONY

Summary of testimony presented before the Committee on Education and Labor, the United States Senate, Seventieth Congress, second session, pursuant to Senate Resolution 219.[1]

A system of planned public works would do much to mitigate industrial recessions. The principle has been accepted down through the ages, ever since the days of Egyptian leadership. In the past, however, it has been a question of trying to do something after a depression is on us, with a consequent wastage of time, energy, and money, a loss which could be offset if some definite system of planning had been developed in advance. The fact is that whenever an attempt has been made to do something when a period of depression is already upon us, very little more than patch-work is accomplished. (Otto Mallory, member of President Harding's Unemployment Commission, p. 198; Henry S. Dennison, president, Dennison Manufacturing Co., Framingham, Mass., p. 9; S. A. Lewisohn, vice president, Miami Copper Co. and Tennessee Copper and Chemical Corporation, p. 23; Ernest Draper, treasurer and general manager, Hills Bros. Co., p. 29.)

It is essential to know in advance what work is scheduled for a given period of time and it is particularly essential that plans be ready so that no time will be lost in getting under way. During the depression of 1914, an attempt was made to give employment to labor in Massachusetts on a certain drainage project, but before engineering reports could be in and plans made a year and a half was necessary. Without advance planning anywhere from six months to a year is taken up before work can be started. (Henry S. Dennison, p. 9.)

The essential factor of a planned public works system is the fact that it will start a custom which will be stronger and have greater effects than any other single measure could have. It will have its reverberative effects on the cities and the States. (Henry S. Dennison, p. 9.) There could be no better example than that of the Government leading the way in the direction of meeting the problem of mitigating depression by reserving a certain amount of public work for such periods.

Such action would instill confidence in the business world. "It would make construction during such a period fashionable among other groups and would stimulate states and cities to do likewise. Though it would not prevent depressions, it would have a marked influence in mitigating their force." (S. A. Lewisohn, p. 24; Maj. Gardner Williams, vice chairman, American Engineering Council, p. 197.)

Public construction is a very significant item in the total building of this country. The total annual construction cost is approximately seven and one-half billion dollars, of which some three billion represents public works. Although the share of the Federal Government is slightly more than 10 per cent of the total public construction, this amount spent by the Federal Government would have a cumulative effect which would be felt in every branch of economic activity. A relatively small amount spent at the proper time on a public works program would keep an industrial depression from becoming serious. Once the relatively small amount that could be spent by the Federal Government gets into the hands of the construction laborer, the steel manufacturer and his employees, the makers of glass, cement, bricks, and some 23 other industries whose products are used in the building industry, it soon finds its way out of their pockets into the retailer's cash register whence it soon travels to countless other industries. "A few hundred millions of new public works credit is like the flow of water in an irrigating ditch. It spreads above ground and underground. Only the result is seen, the magic touch into life." (Otto Mallory, p. 201.)

The prosperity reserve principle has for years been supported by such organizations as the Philadelphia and Seattle Chambers of Commerce, the American Federation of Labor, the American Engineering Council, and the Association of General Contractors of America.

The evidence is very clear that the Federal Government may set a valuable example to the States in the adoption of a practical scheme for the planning of public works. Of course, the States and the other divisions of Government will have the greatest opportunity to provide this buffer because the expenditures by the Federal Government for public works are not large compared with the expenditures by the States and other civil divisions. There should be no delay upon the part of the various governments, Federal, State, city, and other minor subdivisions in the adoption of such plans. (Final report of Committee on Education and Labor, p. xiv.)

The Government should adopt legislation without delay which would provide a system of planning public works so that they would form a reserve against unemployment in times of depression. States and municipalities and other public agencies should do likewise. (Final report of Committee on Education and Labor, p. xv.)

[1] All page references are to Senate Resolution 219, and all names refer to witnesses who testified before the committee. Material in italics is taken directly from the report of the committee itself.

EMPLOYMENT EXCHANGES

S. 3060.—A bill to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes

GENERAL ANALYSIS

1. *Object.*—(*a*) The provision of a really adequate, free employment service nation-wide in scope.

(*b*) Retention of local responsibility and management in the conduct of same.

(*c*) The maximum amount of uniformity, efficiency, and cooperation between offices.

(*d*) Information as to unemployment.

2. *Federal instrumentality created.*—The United States Employment Service is created as a bureau in the Department of Labor; the chief officer is to be a director general with a salary of $10,000 per year. He is to have an assistant woman director in charge of women's work, and all officers, employees and assistants, including the woman director, shall be appointed under civil service laws and paid under the classification act.

3. *Method of operation.*—(*a*) Federal aid to States. Seventy-five per cent of the amount appropriated under the bill is made available for apportionment to the various States in proportion to population. In order to secure moneys so made available a State must match the Federal contribution.

(*b*) *Federal offices.*—Where States refuse to cooperate with the Federal Government the employment service may operate Federal employment exchanges without State cooperation.

(*c*) *Central office acitivities.*—(1) Make available information gathered from the system of offices as to work opportunities and persons unemployed.

(2) Clearance of unemployed workers between offices.

(3) The establishment of uniform procedure and standards.

(4) Assistance in transportation of workers.

4. *Methods of securing effective State cooperation.*—(*a*) A State must accept by an act of its legislature the provisions of this act before it can participate in the benefits under this act.

(*b*) The State must submit its plans for the public employment system to the director general and secure his approval.

(*c*) It must submit periodic reports on the basis of which the director general may determine whether the system is operating up to standard.

(*d*) To secure the benefits of the act it must secure a certificate from the director general which may be revoked for cause.

5. *Methods of securing industrial cooperation.*—(*a*) Through advisory councils, both Federal and State, composed of equal numbers of employers and employees.

(*b*) By adhering to a policy of neutrality in labor disputes, impartiality, and freedom from politics.

(*c*) Applicants for work must be given notice of strikes or lockouts, if any, in the work places to which they are referred.

6. *Benefits to a cooperating State.*—(*a*) Grants in aid apportioned on the basis of population which grants must be matched by an equal State appropriation.

(*b*) Information collected from all cooperating offices.

(*c*) Clearance service for workers.

(*d*) Free mail privilege.

7. *Temporary provisions.*—Section 10 makes possible several temporary adjustments for a period of three years until such time as this system can get under way.

8. *Specialization offices.*—Provision is made for authority to operate offices for individual occupations and trades.

9. *Appropriations authorized.*—$4,000,000.

ANALYSIS BY SECTIONS

Section 1. United States Employment Service: The United States Employment Service is created as a bureau in the Labor Department, under a director general receiving a salary of $10,000 per annum. The existing United States employment service is abolished.

Section 2. Civil service: A woman assistant director general and all other officers and employees and assistants shall be appointed subject to the civil service law and paid in accordance with the classification act.

Section 3(a). Functions of the employment service: 1. To establish and maintain a national system of employment offices.

2. To cooperate in establishing and maintaining State employment offices.

3. To coordinate employment services throughout the country by:

(*a*) Publishing information.

(*b*) Maintaining a clearing system.

(*c*) Establishing uniform standards of procedure.

(*d*) Aiding in transportation of workers.

Policy of the service.—Impartiality, neutrality and freedom from politics.

Section 3(b): The act shall be administered by the United States Employment Service. The cost of the administration shall not exceed 5 per cent of the amounts appropriated under this act.

Section 4. State acceptance: In order to receive the benefits of State aid appropriations a State must accept the provisions of the Act and designate an agency to cooperate.

Section 5(a). Appropriations authorized: $4,000,000.

Appropriations distributed.—Seventy-five per cent for State aid in proportion to population; 25 per cent for administration (limited to 5 per cent under section 3 (b)); Federal employment offices and other functions of the Federal service.

State contributions.—In order to receive a State aid grant the State must appropriate an amount equal to the State aid grant which must be not less than 25 per cent of the amount apportioned to the State, and not less than $5,000.

Section 5 (b): Details in the expenditures of the moneys appropriated.

Section 6. Methods of apportionment: The apportionment must be made within 60 days after an appropriation and the amount necessary for administration and the amount apportioned to each State must be certified to the Secretary of the Treasury and to the treasurers of the several States.

Section 7. Certification: Within 60 days after appropriation the director general must ascertain whether the State has accepted the provisions of the act, the amount appropriated by the State, and whether the State has complied with the requirements of this act. The director general shall then certify to the Secretary of the Treasury the amount to be paid to each State.

Section 8. Approval of State plans: In order to secure the benefits of this act the State must submit and secure the approval of its plans from the director general.

Section 9. State reports, revocation of certificates: State agencies shall make reports to the director general and the director general may revoke or withhold certificates if the State agency has not properly expended the money appropriated or paid to it. Appeal may be taken to the Secretary of Labor.

Section 10. Temporary provisions for a period of three years: (*a*) Where no State system of offices is in existence the director general may maintain a Federal system with funds apportioned to the State.

(*b*) Where there is a State system but no compliance with section 4, the director general may maintain a cooperative system by agreement with the governor of the State.

Section 11 (*a*). Advisory councils: The director general shall establish advisory councils of employers and employees.

Section 11 (*b*). Strikes and lockouts: Applicants for employment shall be given notices of strikes and lockouts.

Section 11 (*c*) Specialization offices: Under this act the director general may provide for the establishment of offices for individual occupations.

Section 12. Rule-making power: The director general with the approval of the Secretary of Labor, may make rules and regulations.

Section 13. Franking privilege: Postmaster General directed to extend the franking privilege to Federal offices and to cooperating State offices.

SUMMARY OF TESTIMONY

Summary of testimony presented before the Committee on Education and Labor, the United States Senate, Seventieth Congress, second session, pursuant to Senate Resolution 219.[1]

The ordinary unskilled laborer is almost unbelievably lacking in the ability to approach effectively his problem of finding a job. Thousands of job seekers mill around hour after hour and day after day, from one factory gate to another, in the utmost of despair and with frequent exclamations of bitterness against society in general and the Government in particular, yet all the time with other factories hardly a mile away looking for workers. (Whiting, Williams, industrial relations expert, p. 167.)

Establishment of public employment exchanges has been for two decades included in every comprehensive program for alleviating unemployment. As far back as 1916 one employment authority expressed the opinion that "we need no more investigation commissions to tell us that the first step in any program dealing with unemployment must be to organize a national system of labor exchanges. That preliminary step has not yet been taken." (Summary of testimony, p. 502.)

In 1921 the President's conference on unemployment again recommended the ormation of a national system of employment bureaus. Later this recommendation was indorsed by the committee which prepared for Mr. Hoover a special report on business cycles and unemployment. The conclusion of the committee, after a consideration of possible types of employment service, was that "the greatest promise seems to be in the development and raising to a high standard of efficiency a national system of employment bureaus." (Summary of testimony, p. 502.)

With technological unemployment a sacrifice which the working man is forced to make for posterity, here to stay, the question of providing the means for finding new employment becomes more acute than ever before in our history. It is generally felt that the only solution to this problem is the provision of adequate public labor exchanges. (Sam A. Lewisohn, vice president, Tennessee Copper & Chemical Corporation and Miami Copper Co., p. 22.) There is "no reason why we shouldn't have a public employment exchange to promote or accelerate the absorption of the men thrown out by those of us who are introducing labor-saving devices. I have known plants where men where thrown out of work in order to make a success of the operations, and there are no facilities making certain or making fairly easy their absorption into other industries." (Mr. Lewisohn, p. 23.)

Every important civilized nation has a national system of employment exchanges. Indeed, the establishment of a system of free public employment agencies was made incumbent upon those countries which were parties to the labor treaty drafted at the Washington International Labor Conference in 1919. Twenty-three countries at the present time have adhered to this requirement by ratifying the draft treaty and together they have now in operation close to 5,000 national employment offices (p. 168).

There are only 170 State and municipal public employment offices in the United States. These offices vary in number from 1 in each of 11 States to 17 in the State of Illinois. Thirteen States have no public employment offices whatever. State appropriations for these offices vary from $900 in Wyoming to $231,360 in Illinois. The total appropriations of all the State governments aggregate $1,203,906. It should be self-evident that a country as large as this, with a wage-earning population numbering over 30,000,000, can not be effectively served by 170 public employment offices. There are, to be sure, several thousand private employment offices in the country, but it is the consensus of the best informed opinion that these are open to grave abuse (p. 504).

A national system of employment exchanges would make a significant contribution to the solution of the problem of unemployment. First, it would organize the labor market on a national scale and make possible the transference of labor from points where they can not find employment to places where they are needed. Secondly, it would do much in regularizing casual employment and dovetailing seasonal employment between different industries. Finally, it would provide comprehensive and timely information bearing on the industrial situation

[1] All page references are to Senate Resolution 219, and all names refer to witnesses who testified before the committee. Material in italics is taken directly from the report of the committee itself.

both local and national, information which is essential to any measures which either private industries or labor may wish to take to bring about stabilized production. (Bryce Stewart, former director, Canadian National Employment System, pp. 151–152.)

Due to the absence of a well-organized system of employment exchanges the effectiveness of the present Federal employment bureau is seriously curtailed. The amount of service it is able to render either directly or through State offices is exceedingly limited. It seriously lacks the necessary personnel and is, in fact, working with but a skeleton organization. (Francis I. Jones, director, United States Employment Service, p. 487.)

It is essential that our employment service be both expanded and brought up to a higher standard than now prevails. It should be headed by a trained and experienced staff which has the confidence of both employers and employees. (Summary of testimony, p. 505.)

The burden of assisting the unemployed to find work should be borne by organized soceity through the maintenance of efficient public employment exchanges. Efficient public employment exchanges should replace private exchanges. Private employment exchanges which merely attempt to make contact between a worker and a job, which are operated for profit and solely for profit, present a situation where there are conditions conducive to petty graft. Such practice at the expense of the unemployed is a crime which should not be tolerated. (Report of committee, p. x.)

UNEMPLOYMENT STATISTICS

S. 3061.—A bill to amend section 4 of the act entitled "An act to create a Department of Labor," approved March 4, 1913

BRIEF IN SUPPORT OF BILL

The significance of the regular collection of comprehensive unemployment statistics may be emphasized from two points of view:

(*a*) Statistical information which will throw light upon the number of unemployed people in the country.

(*b*) Statistical by-products which have tremendous potentialities in the regularization of production and employment.

(*a*) *Unemployment estimates.*—Inasmuch as it is beyond the realm of practicability to make frequent censuses of unemployment, the only means available for securing even an approximate picture of the unemployment situation is by the regular collection of employment statistics covering all of the important branches of trade and industry. With the 1920 census of unemployment as a base the monthly employment figures can be correlated with the unemployment shown to exist on April 1, 1930, and a more or less regular running index of unemployment can be maintained during the future. Monthly employment figures by industries and by individual trades will show what is happening to employment in the individual industries and will also throw some light upon the question as to how far the distribution trades and new industries are absorbing the workers which are let out by the older industries and by plants which are substituting machinery for labor.

It should be emphasized that one of the most significant aspects of the bill submitted herewith is the demand that man-hours worked be regularly collected. Under the present system of collecting employment statistics anybody on the pay roll on a given day each month is considered as employed, irrespective of the number of days' employment during the month such a person may have had. Individuals working but one or two days are, under the present system, recorded as employed. In a small degree the actual pay-roll figures offset the false picture given by the employment figures, but without the actual man-hours worked it is impossible even to approximate the true economic situation.

b. Statistical by-products and the regularization of industry.—The possibilities which lie in the use of regular employment statistics are very great:

1. Regular monthly figures of man-hours worked by industries and reasonably small geographic units will be the best index of the probable consuming power of the residents of a given section of the country that has yet been devised. At the moment the retailer has little or no basis for judging future sales. His purchases of goods are determined primarily by his guesses of what purchases will be made in the immediate future or by the persuasive power of the wholesaler's salesman. He has no way of measuring, even approximately, what the purchasing power of his community will be during the coming months. Employment figures will show

him just how much work the laboring force of his community has had during the preceding month and will be of tremendous value in judging the demand for his goods. To be sure, the adjustment of purchases to future demands and the estimating of future demand is an educational matter and the retailer will only slowly learn to make use of a device such as employment statistics. However, without the necessary device, he must continue to make his purchases in a hit-or-miss fashion.

2. Regular employment statistics can be used as an instrument for the dovetailing of industries in given communities, so that labor may get more or less regular employment. Detailed figures for the various industries in a given community will show at what seasons of the year each industry has its peak of employment and its trough of employment and should prove of great value to chambers of commerce in bringing in industries which can take up the slack at the necessary moment.

3. If American industry is to assume the responsibility for cushioning the effects of unemployment, due to the introduction of new machinery, it must make its plans for releasing unneeded labor at such periods when other industries can most easily absorb them. Many industrial leaders have sufficient interest in the welfare of their workers to adjust the introduction of new machinery to such time as the workers will suffer the least. At the present moment they have no information to guide them in this process. Comprehensive employment statistics showing just what the employment situation is in neighboring or similar industries should serve as a useful guide and enable the forward-looking employer to accomplish the desired end.

SUMMARY OF TESTIMONY

Summary of testimony presented before the Committee on Education and Labor, the United States Senate, Seventieth Congress, second session, pursuant to Senate resolution 219.[1]

In spite of the importance of regular employment to the national welfare, in spite of the effects of unemployment on our citizenship, and upon our industrial welfare, there exists no national or State machinery for collecting facts concerning this problem.

"Statistics that we ought to have in order to approach the consideration of this problem of unemployment are not available at the time we need them. It was very difficult during this past year for us to find out accurately the extent of the widespread unemployment." (Mr. William Green, president American Federation of Labor, p. 54.)

President Harding's unemployment conference in 1921, a conference made up of all the leading industrial leaders of the nation, was unable, in spite of all the combined facilities of those present even approximately to measure the number of unemployed. Estimates ran from four to seven millions. It is said that the figures actually determined upon tby this conference was nothing but a conglomerate of the prevailing guesses and that the final figure agreed upon was the result of a majority vote of those present.

Since 1921, despite the fact that the Department of Labor has considerably increased the scope of its employment statistics, little material of value is to-day available which throws light upon the extent of unemployment. "Neither on the total volume of unemployment, nor on its distribution among industries, nor on its geographical distribution, nor on its duration, is there any direct evidence worthy of serious consideration." (W. A. Berridge, economist of the Metropolitan Life Insurance Co., p. 190.)

Even the figures on unemployment which emanate from the Department of Labor are mere guesses. They are figures which show only the shrinkage in the number of persons on the pay rolls of firms which report to the department. (Ethelbert Stewart, United States Commissioner of Labor Statistics, p. 187.) Moreover, these data apply primarily to the manufacturing industries and to railroad transportation. The number of persons in other lines of activity who are recorded is relatively small. (Ethelbert Stewart, p. 181.)

Until the summer of 1928 practically no current figures on employment were available except for class I railroads and for factory industries. At that time the United States Bureau of Labor Statistics began to expand its collecting machinery in order to cover employment in mining, in public utilities of various sorts, in

[1] All page references are to Senate resolution 219, and all names refer to witnesses who testified before the committee. Material in italics is taken directly from the report of the committee itself.

retail and wholesale trade, and the like. The reporting sample in these lines is being increased as rapidly as conditions permit; also, additional lines of activity will probably be covered in due course. This is a thoroughly commendable course, indeed the *only workable one, for throwing light upon the unemployment situation currently.* (W. A. Berridge, p. 191.)

A further weakness of the data on unemployment now being collected by the Department of Labor is the fact that they do not portray anything like the true economic situation. They only show how many persons are on the pay rolls on a given date. They give no picture of how regularly these persons are being employed. (Senator David I. Walsh, p. 62; Mr. William Green, p. 63.) Persons who work but one day in a week are frequently counted as employed if on the pay roll of a given date, and an impression is thereby given that the total amount of employment is much greater than it actually is. (Senator James Couzens, p. 188; Ethelbert Stewart, p. 188.)

In a sense the pay-roll figures showing the amount paid in wages in a given period, as published by the Department of Labor, offsets this wrong impression, but it is in no sense anything like a complete picture. (Ethelbert Stewart, p. 188.)

It is essential, if there is to be any portrayal of the unemployment situation, that the data concerning man-hours worked in the various plants be collected and tabulated. Prolonged periods of part-time employment are as detrimental to the welfare of the laborer and as effective in bringing about general industrial depression as are shorter stretches of complete unemployment.

Since a frequent census of unemployment is outside the realm of practicability, the only source of information that can be used to estimate unemployment is a series of comprehensive figures showing the number of workers on pay rolls and the number of hours they work. These figures, tied up with the results of the census of unemployment now being taken, would make it possible to keep a current index of unemployment which would approximate with a fair degree of accuracy the conditions prevailing at any one moment. (Ethelbert Stewart, p. 180.)

Accurate statistics of unemployment are essential to convince American industries of the need for doing something toward regularizing production and output. (Morris E. Leeds, Leeds & Northrup Co., Philadelphia, p. 212.)

Once we know what phase of the cycle business is in with any degree of reasonable correctness, industries will be able to make some provision for the future. (Henry S. Dennison, president Dennison Manufacturing Co., Framingham, Mass.) No index would be more valuable in estimating what stage of the cycle we were in at a given moment than would an elaborate index of unemployment.

If we do not have accurate information on the subject of unemployment, it may be taken for granted that we shall have plenty of inaccurate information. The subject is one which is very articulate in itself. Our experience should be convincing that all this is so. And in this connection it might be well to reflect on the truth that facts will permit sound thinking and that an absence of facts produces a condition of fear and panic which may be far more costly to the country than would be the cost of maintaining a system of obtaining these statistics. (Final report of committee, p. viii.)

UNEMPLOYMENT IN THE UNITED STATES

FRIDAY, MARCH 21, 1930

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON COMMERCE,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10 o'clock a. m., in the committee room, Capitol, Senator Hiram W. Johnson presiding.

Present: Senators Johnson (chairman) and Fletcher.

Also present: Senator Robert F. Wagner, of New York; Senator James Couzens, of Michigan; Miss Frances Perkins; and Mr. John B. Andrews.

The CHAIRMAN. The subcommittee will come to order and proceed upon the three bills introduced by Senator Wagner, which we have before us. We have certain witnesses who wish to be heard this morning, and I will ask Miss Perkins to testify first, if you will, please.

STATEMENT BY MISS FRANCES PERKINS, INDUSTRIAL COMMISSIONER OF THE STATE OF NEW YORK, NEW YORK CITY

The CHAIRMAN. Will you do us the kindness, please, to state your name, residence, and occupation?

Miss PERKINS. Frances Perkins is my name, New York City is my home, and I am industrial commissioner of the State of New York.

The CHAIRMAN. You have held that position for how long?

Miss PERKINS. About 13 months.

The CHAIRMAN. The duties, generally speaking, of that position are what?

Miss PERKINS. To administer the labor laws, the workmen's compensation law, and other related laws of the State of New York.

The CHAIRMAN. In the performance of those duties are you familiar with the situation and conditions existing in the State of New York regarding labor and workmen generally?

Miss PERKINS. Yes sir. One chief occupation of our department is to be so informed and to give such information to the community.

Senator WAGNER. May I just ask Miss Perkins several questions in relation to her activities, so that we may have an idea of the extent of that department?

The CHAIRMAN. I would be glad to have you answer Senator Wagner.

Senator WAGNER. Miss Perkins, how many employees are there in that department, over which you are commissioner?

Miss PERKINS. There are about 2,000 employees in the department of labor in New York, but we have an annual appropriation of over $3,000,000 for the activities in that department.

Senator WAGNER. Will you tell us something of your activities in connection with social work just prior to your assuming the office of industrial commissioner of New York?

Miss PERKINS. I was for three years chairman of the industrial board of the State of New York, which is the judicial division of the department of labor having jurisdiction over the compensation law and the labor law, and also having legislative duties under the labor law. For three years earlier I had been a member of that industrial board, and for two years prior to that I had been a member of the old industrial commission that was later supplanted by the industrial board. Prior to that, since 1910, I was actually engaged in investigating into labor and industrial conditions in the State of New York, as secretary of the New York Consumers' League, and next as an investigator for the Factory Investigating Commission, of which Senator Wagner was chairman. Also, as a director of the committee on safety, so that I have had a number of years of experience in and and an opportunity to observe labor and industrial conditions.

The CHAIRMAN. Then you are familiar with the subjects in the three bills presented by Senator Wagner.

Miss PERKINS. Yes, sir.

The CHAIRMAN. Now then, in your own fashion, would you proceed and make such statement as you desire in respect of these bills, the necessity for them, the conditions existing which, if in your opinion it should be the fact, require their enactment, and any other matter that you deem pertinent to the inquiry respecting the particular measures?

Miss PERKINS. May I say, sir, as one who is responsible for assisting industrialists in the State of New York, in their plan for the elimination of unemployment, which is one of the major remaining defects of our modern industrial system, that we look forward very hopefully to the passage of measures, such as these before you? It will give us more knowledge, and without knowledge we can not make adequate plans for the prevention or elimination of unemployment in our industrial situation. I am particularly anxious at this time that these bills be given favorable consideration.

We are in an acute situation so far as the State of New York is concerned. The State of New York, as the leading industrial State, is perhaps, suffering from unemployment more than nonindustrial States. I want to point out, sir, that I think we are in an acute situation at the present time. Unemployment has become a chronic phenomenon in the American industrial life, and that we are now suffering only from the acute symptoms in a chronic phenomenon. We have at the present time in New York—and so far as actual facts go, I have only an intimate knowledge of the situation in New York—we have three predominant causes for unemployment at the present time; we have seasonal unemployment, which has become a chronic condition in some industries with the seasonal fluctuations which gives employment for a short time, and then they are out of employment for a longer period. We have, in addition to that, for the last five years, and acutely for the last two years, unemployment caused by the installation of labor-saving machinery and by improved methods of organizations which has been so intelligently developed in American industry. This has been going on concurrently for a number of years. In addition to that, we have at the present time this acute

situation brought about because we had these two preexisting types of unemployment, and superimposed on them the cycle depression with which we are all thoroughly familiar. The position of the individual workman, in a modern industrial society, is extremely precarious. The old-fashioned workmen were in a different position; with ownership of their tools and access to a piece of land they could manage to weather these economic depressions which came from time to time. But, to-day, the workmen can not work except by the cooperation of many intricate parts in our economic life. As a result of that, he is utterly helpless, because he is in a situation in which there is no work. The result is we can not look to individual initiative to help these people through the unemployment crisis. Unemployment experience is perhaps the most bitter experience which an able-bodied man can face.

The time has come when not only our social enterprises must become concerned with unemployment, but the industrialists must be concerned with unemployment; the entire community is concerned in unemployment. The unemployed man is in misery when he can not get work; not only the worker and those who are dependent upon him for bread, but those who depend upon him as a spender of his wages begin to suffer.

Senator WAGNER. Some of those people are, perhaps, the small business men?

Miss PERKINS. For instance, those selling stockings, shoes, furniture, clothing, and food——

Senator WAGNER. And the suffering of those who manufacture those items, and the circle continues.

Miss PERKINS. If a man is engaged in that particular industry and is out of work, the man who sells these things is likewise out of work, and so the circle will go on. It becomes, therefore, a matter which all elements in the community must take cognizance of.

I have only given you an idea of the acute situation in New York State, and that is the situation which is general throughout the State in the larger cities; but, fortunately, it is not so acute in the smaller communities. We have in the great cities the spectacle of increasing bread lines, which are, of course, only an index. More important than that index is the degree of suffering caused by unemployment, shown by the report of the social agencies and charitable organizations of the city of New York which are engaged in the relief of families and their homes. The report issued last week stated that in the past six months there was an increase of 200 per cent in the number of families who were getting relief, and that that increase was wholly due to unemployment; they very carefully stated that they had eliminated from that statement all those groups which come under the head of unemployables, such as the aged, mentally defective people, and so forth. That is a striking figure of the unemployment which has caused so much suffering in our great cities.

The CHAIRMAN. Is there any such proportionate increase in bread lines over previous times?

Miss PERKINS. There is, sir, so far as we can observe, and so far as newspaper reports are concerned. But as I have indicated, the counting of the bread line is not a very accurate index to the degree of unemployment or suffering. These families who have to seek charitable aid through organized charity are counted by responsible people and

not likely to be recounted; after all, you might count the bread lines by going over the city and counting some person a number of times. In other words, you can not say that it is a true index of the situation, however.

The CHAIRMAN. These is, however, now an increase?

Miss PERKINS. Yes. A number of the bread lines which have been closed for several years—places which dispensed food, clothing, and other necessities when there is occasion for it—have been closed for several years but are now opening up to give relief in New York.

The CHAIRMAN. I cut from the New York Times of yesterday an article, and because of the conservative character of the paper I was curious to know whether those statements, as to the bread lines, and as to the number that are fed daily in New York City, is at all true. Did you see that?

Miss PERKINS. I did, sir.

The CHAIRMAN. Is it fairly accurate?

Miss PERKINS. It is fairly accurate and corresponds with reports which have come to me by such organizations as the Bowery Mission and the Church of the Transfiguration, all of which are conservative groups and speak the truth so far as they know it.

The CHAIRMAN. And those various organizations do report to you so that you are in touch with the situation?

Miss PERKINS. Yes, sir.

Senator WAGNER. Pardon me, Senator, but I would like to ask Miss Perkins a question.

The CHAIRMAN. Certainly.

Senator WAGNER. Since you have been in touch with economic conditions, particularly as regards unemployment, have you ever known of a situation quite as acute as the present situation in the city of New York?

Miss PERKINS. The only time that I could say it was comparable to this was in 1914, and, of course, it is very difficult to say to what extent that was comparable. A comparison of those figure with the official figures of to-day, of the falling off of the employment in factory employment, of which we keep a record, shows a condition worse to-day that at any time since 1914. That shows that more of our own population is out of work to-day than at any time since 1914. The symptoms or manifestations of this unemployment in bread lines, in a great number of cases on family relief agency rolls, is also comparable to the situation at that time. However, at that time, there were perhaps less charitable or less generous contribution by the public to the funds of these relief agencies, so that we perhaps then saw more suffering than now. To-day the American public has become accustomed to giving to charity, subscribing liberally to the funds of the charitable relief agencies. But that is just another way of paying. If one subscribes to a charitable society, who otherwise would grumble because taxes would be so high in the community, that is just another way of paying and relieving unemployment and the suffering caused by it. Of course, some give none, but others a great deal, but after all that is just another way of paying, by subscriptions to charity.

Senator FLETCHER. What were the conditions in 1914?

Miss PERKINS. I am not as familiar with the 1914 situation as I am with the situation to-day, because I was not in an official position at that time and I was a good many years younger and had less experience. However, we did not then have the technological employment that we have to-day. What we had then was the combination of seasonal employment and the depression due to the business cycle and that acute situation which came into the American industry following the outbreak of the European war.

Senator COUZENS. Was the condition in 1920 and 1921 comparable to the condition of 1930?

Miss PERKINS. Then there was not such a drop. Our situation in 1920 and 1921 was better than it is to-day. I think we had a flurry of unemployment, but it was not such a large proportion of our working population as at this particular time. In the city of New York we had unemployment, and we were discussing our unemployment proposition in January of last year, in December and January of last year; that is December of 1928 and January, 1929. However, immediately after January, last year, there began to be a very sharp uprise in the curve of employment, a striking rise in the curve of employment, as you will see here [indicating]; that is to say, down to this point which indicates the employment in January, 1929; so it went up to a point over the base line, the 100 per cent line, in October, and then took this sudden, sharp drop and has been descending steadily ever since in the cycle. The result is that there has been a falling off in unemployment since October, 1929; in New York it has been 9 per cent. I am speaking entirely of the index on employment which is published by the Department of Labor, based upon facts submitted by 1,700 firms who have reported to the Department of Labor since 1919. This represents only factory employment, and this is only to be regarded as an index to employment. It represents about 500,000 people employed by those firms in normal times, and that constitutes about one-third of the number of factory workers in the State of New York and is, therefore, an index of factory employment. It has been found in other years that the factory employment reflected other employment in the State, and that this is a fair index of our general situation.

Senator COUZENS. May we deduce the fact that one-third of the companies report 45,000 unemployed?

Miss PERKINS. Yes, sir; something like that.

Senator COUZENS. So then, to get the aggregate, you would multiply that by 3; that would give you about 140,000, plus other unemployment?

Miss PERKINS. Yes. We all know that in the building trades the proportion of unemployment is very much higher, which is due largely to the fact of seasonal employment of that group. There is also a very high degree of unemployment, which we can not figure, in what is ordinarily known as the white-collar group. There is a very large amount of unemployment in that group to-day. We are facing suffering and we are facing distress in the families of that group to-day.

The CHAIRMAN. Merely that the record may have it, will you explain what you mean by the white-collar group?

Miss PERKINS. The white-collar group is ordinarily men of clerical and salesmen type, or a person who is not engaged in manual or factory work. This new group is classed in trade and transportation.

Senator WAGNER. May I ask a question in regard to these figures, for instance, with reference to the factories in your State? Do they

give a complete picture of unemployment; so as to include part-time employment? Do they give you the hours that the laborer is employed? Even though he may still be upon the pay roll, his hours may be reduced considerably.

Miss PERKINS. That condition exists; that is quite true. I want to come to that. This does not show it to that extent; it does not reveal the whole situation. Of course, if a man is on the pay roll, he is counted as still being employed under this method we are discussing now. If you have money enough to have a bureau of statistics to endeavor to get that information with reference to employees, it is a fine thing to have; and we are endeavoring all the time to get this information, that we may know whether there is part-time employment.

I have a great many letters from chambers of commerce and from individual industrialists all over the State of New York who have been working with us, stating that they are giving all of their workers part time. There has been a very intelligent and a very generous effort on the part of many industrialists in the State of New York to follow the recommendations which were made by the President and his unemployment committee. These recommendations are to the effect that the industrialists lessen their hours and work more men instead of employing one group entirely. Of course, it makes the management a little more difficult, but the situation can be greatly relieved in that way. Of course, in working part time and not full time they receive part-time wages.

Senator WAGNER. May I add right there that the more precise information you have as to the economic condition the more effective can this sort of plan be. Isn't that the fact?

Miss PERKINS. That is true, sir. That is one of the handicaps which we are all facing in any industrial State to-day.

The CHAIRMAN. Have you any means by which you could arrive at a conclusion, generally speaking, as to the number of unemployed in the city of New York?

Miss PERKINS. We have not; we have some facts, but not sufficient to make an accurate statement. We have reports from the newspapers which have estimated the number of unemployed people in New York. Of course, we can take a pencil and do some figuring, make an estimate, but it is only a guess, and I have felt that is not proper either.

Some of the boards of trade have undertaken to do it, but I feel that is not helpful to do that. It is much better to face honestly the fact that we don't know the full complement of our unemployment, and should look for the ways by which we can get it. If these bills you have before you to-day, sir, as I read them, were passed, the Bureau of Labor Statistics would be enabled to give you very much more detailed information in reference to the employment in all trades and callings, as to the hours of work, the total pay rolls, and so forth; if those bills become a law, there is no doubt but that the States will be stimulated to do similar work, and then, by a combination of the Federal figures and the State figures, we shall have a more accurate picture and a better method in arriving at the employment and unemployment. Of course, there are cases where there are fluctuations in employment, but we will be better able to observe those. All intelligent business men and industrialists are relying upon statistical control in the planning of their businesses; and so, in planning the country's business we should have this statistical knowledge as a basis on which we can make our plans. I am very hopeful that something can be done to overcome this defect in American industrial civilization. I was very much impressed by a statement made by Mr. Owen D. Young, at Harvard University, several years ago, when he said that unemployment was one of the major unsolved problems of American industry. Like many other problems in American life, it can be overcome and the question solved only after thought and time and experiment. Scientific analysis and planning will, I believe, reduce the unemployment problem so as to make it practically negligible in this country.

Senator WAGNER. In the matter of the unfortunate diseases, isn't it true that the control of them was regarded as an incident of the occupation?

Miss PERKINS. Yes, sir.

Senator WAGNER. They have since been controlled. By intelligent activity they have been stamped out.

Miss PERKINS. That is practically true.

Senator COUZENS. I was wondering, having obtained this 100 per cent efficiency in collecting your data, if you have any idea how it might be solved when the problem is completely before us.

Miss PERKINS. I have had, during the last two or three months, a series of conferences with industrialists in New York State, and there are some very intelligent and forward looking men among our industrial leaders in New York State. There seems to be everywhere a disposition to plan industrial activity so as to stabilize the industry and eliminate unemployment. Among other things, which are recognized and which were discussed in conference with the industrialists in New York, is the importance of knowing well in advance what are the seasonal fluctuations in all trades, as well as the trade in which you, as an industrialist, might happen to be manufacturing, in order that there may be a stabilization in all employment. In other words, the chambers of commerce and other organizations are working on the seasonal-fluctuation problem in the various industries and various trades. A definite plan may be adopted in some towns to attract industries of different seasonal variation so that some may have slack work in the summer and some may have slack work in the winter, and vice versa. They are suggesting that all the vocational schools and all the trade crafts train men in two or more skills or fields so that a man working at one class of work or one trade in the summer could easily turn his knowledge and skill to another activity in the wintertime. So far as that particular community is concerned, if these men could be educated in two trades, a good deal of that particular population would have employment under such conditions; but that can only be done by having a knowledge of the two trades.

So, too, in the question of the prevention of technological unemployment, nothing, I think, is more important than planning the introduction of labor-saving machinery. I think not one of us here to-day, who understands industry, would wish to turn back the wheels of progress and eliminate labor-saving machinery. In the long run it can be done and there will be great benefit, although there is great suffering at the moment by individuals whose place it takes; but admitting the introduction of such machinery into industry, it ought

to be so timed that displaced labor can be absorbed. It should come at the moment of expansion in that industry and the introduction of new lines of manufacture so that the men displaced by the introduction of machinery in one line may be taken up by another activity in that industry or any allied industry or in that same community. As you know, when the McCormicks discontinued the Weber Wagon Works, it was thought by some that the discontinuance of it would cause great hardship, but they did it at a period when they could work their men into other phases of their business. They transferred their own men, who had worked on Weber wagons, to working on some other job at another branch in their industry. In other words, they dropped a line without creating any unnecessary hardship. They knew their own industry intimately and made this change very nicely. But other industries can not always develop new lines and absorb their own unemployed. The introduction of labor-saving machinery in the various communities must be planned so that it does not create great masses of unemployed persons; and this will become more important as we recognize that we have in the wage-earner group our greatest market. It is the market which sustains prosperity in this country. So the chambers of commerce and the industrialists throughout the country are planning to have every man fully employed, so that he may buy freely.

Senator COUZENS. Among that group of industrialists, have they suggested any plan to stabilize unemployment?

Miss PERKINS. In their own industries they have suggested the diversification of the lines produced so that there may be one line, one stable line, that can be manufactured for stock in advance, and other lines that they can manufacture to fall in the slack seasons on the stable article, to stimulate trade. I heard of a factory the other day which had pulled itself up by its boot straps, which had been manufacturing leather belts for turning machinery and had done it for years, which had started to make dog collars, dog harness and men's belts, and, by their industry they have managed to supplement some of their old machinery to work up this raw material and in that way have been able to diversify their line of business. Hills Brothers in Brooklyn, which is a large packing industry, had offered employment for only a few weeks in two different seasons of the year, in the packing of dates, which is their highly seasonal occupation. They now give 48 weeks of employment a year to their workers in that plant by putting in diversified lines, and they have planned for these seasonal peaks in other lines from dates, upon which their main fortune still rests. There has been the experience of Procter & Gamble, which is so significant, in planning to eliminate unemployment. They run full time in the city of New York. As you know, they manufacture a certain product with which we are familiar, and they market it 48 weeks per year. They take annual orders in advance from dealers in soap and they give them a slight price reduction as a bonus for having placed an annual order, and Procter & Gamble furnish a storage place and delivery service and deliver these orders in small lots as and when it is needed by the dealer.

All this, however, takes a uniformity of knowledge not only of the market but of fluctuations which vary in other industries, and if we are going to have long-time planning in the elimination of unemployment in the many industries, it has got to be done cooperatively, I

think, between the industries rather than competitively between them. I think the industries should be encouraged to do this; it will be of great help to have these bills become law.

Senator COUZENS. Have you come in contract with any industries which have adopted this plan throughout the year, rather than taking people on for a few months, giving them employment for a short time, and then letting them go when they have finished?

Miss PERKINS. Several. Procter & Gamble is one of the striking illustrations. Leeds & Northrup, in Philadelphia, is another where they definitely refuse orders on high pressure which will upset routine employment.

Senator COUZENS. What is their industry?

Miss PERKINS. They make small metal parts of machinery. They produce a standard production per month, on a regular basis, and say it is not only a more profitable business but it stimulates their employment and places it in good industrial relations with them, which is what they want.

Senator COUZENS. Do you know of any others who are doing that?

Miss PERKINS. I know, of course, of a number who are trying to do it.

The Dennison Paper Co., with a novelty line, gives employment to the citizens of the town of South Framington, Mass., as you know.

Then there is the Johnson Floor Wax Manufactory, for instance, which has made a gallant attempt, and I think successfully, to stabilize their output and to make a regular return to them.

There is a great body of honest experiment in stabilizing employment. I feel that the Government should offer every conceivable encouragement and assistance to such employers in a scientific but economical way.

Senator COUZENS. How would you recommend that the Government do this?

Miss PERKINS. In the first place, give them all the information that can be gathered; direct the Bureau of Labor Statistics to gather information regarding the various employments outside of factory work, the number of persons employed, the hours of employment in all trades and the fluctuations in the business of the different trades. That is the first and most important.

Senator COUZENS. What industries are the worse offenders of this cycle of unemployment, in this speeding up of production and letting it down again? I don't mean for you to mention the names of the firms, but the character of the industries.

Miss PERKINS. The most seasonal, you mean?

Senator COUZENS. Yes.

Miss PERKINS. The outstanding seasonal industries are, of course, the clothing, millinery, and food products. Those are the outstanding; the food products, largely, because there is so much canning. Those are the most outstanding which have seasonal fluctuations.

Senator COUZENS. It has come to my attention that there was a convention of radio manufacturers at which it was agreed that the market for radios was three million per year, and yet the industries in this convention had a productivity of fifteen million. What is the solution of a situation of that sort?

Miss PERKINS. They have created an overhead in tools and equipment sufficient to produce more than the community can consume; therefore, as intelligent men they should produce something else which the community needs which can be made with same equipment and labor force rather than so many radios which are not needed.

Some time in 1921 or 1922 the Department of Commerce, when Mr. Hoover was then at the head of it, gave out a statement which I think in principle is sound, that in America our investment in labor-saving machinery was such that if it worked full time it could produce in eight months all we could consume in twelve months. That is true in many aspects of American industry and, of course, some of our leading industries have seen at once that they must have shorter hours and higher wages in order to keep from paralyzing a community. Others say that advertising and salesmanship can create a market for such things as the radio. For items like that there should be a most careful planning and there should be a substitution of something else to supplement the obviously falling market for that particular kind of product.

Senator COUZENS. Is it your observation if industry was to undertake to pay its men an annual income of, say, 48 or 50 weeks per year that that would afford ways and means of stabilizing their production so as to get their money for it?

Miss PERKINS. That is a conclusion I should like to feel I could draw, but I don't know that I have sufficient real data to enable me to say, to such an important body as this, that that would be the immediate result. It has been the result in certain industries, and there is a disposition, I think, on the part of many industries, to say, We ought to give a standard number of weeks' work every year and pay for that if we can not work them. It is expected in those industries where they set up an employment reserve fund that that will be a stimulation to the American business mind to avoid a falling off of activity in the various industries. But, that is still in the realm of speculation. There are many who hold that point of view, and I hope something will come of it in a few years.

Senator COUZENS. Have you heard any general sympathy for or opposition to unemployment insurance?

Miss PERKINS. Yes, both. I think there is a good deal of objection to unemployment insurance in the State of New York. Many of the industrialists and taxpayers believe that it will add to the burden of taxation. However, there is no objection to it if an industrial organization desires to set up for its purposes a voluntary unemployment reserve, which may be an organization operated in the same way which an insurance company would be operated. In that case it is entirely voluntary and it is only for that industry. It seems to me to be a highly desirable program in a well-organized industry.

Senator COUZENS. Do you know if the clothing industry in Chicago have worked out any program?

Miss PERKINS. Yes; I have had an opportunity to observe it and discuss it with those responsible for its development. I think it has had a resulting effect in the reduction of seasonal unemployment in the clothing industry where there has been a very great seasonal fluctuation. One of the first clothing plants in the country which

worked out a method to prevent unemployment was the Joseph Leiss Co. in Cleveland, where they had the experience of many years with practically no variation in number of people employed.

Senator COUZENS. One of the bills is to deal with the general employment bureaus. It appears that men will traverse from one community to another community to secure work; that men, reliable citizens, with homes and home attachments, will pick up and go from one city to another to find help through the general employment agencies?

Miss PERKINS. Yes, sir; it is. In the State of New York we employed last year for the General Electric Co. of Schenectady, through our public employment bureaus in the different parts of the State of New York, from the Syracuse bureau, Buffalo bureau, and New York City, 82 high-class workmen. We selected them for the General Electric Co., who gave them work at Schenectady. That was desirable employment.

Senator COUZENS. Were those permanent jobs?

Miss PERKINS. They were as permanent as any job can be.

Senator COUZENS. What kind of a contract did they have, to move to Schenectady?

Miss PERKINS. They had steady work at good pay.

Senator COUZENS. It was steady work?

Miss PERKINS. Yes. They don't say they will give 48 weeks a year as some promise to do, but there appeared at that time to be steady work and at a good rate of pay. They offered them advantages in certain group insurance and pension plans and an opportunity to purchase stock on the plan outlined by the General Electric Co. Altogether, it affords the high-class mechanic a favorable opportunity to get a good location. We have for several years now distributed similiar calls for workers through the officers in New York State employment bureaus. For instance, in the city of Rochester in the State of New York, they employ a great many high-class mechanics. They don't have enough high-class mechanics to do the work they want done in Rochester. We have always secured mechanics for them in Buffalo, Syracuse, Elmira, and other parts of New York.

Senator COUZENS. Just for that peak employment?

Miss PERKINS. Yes.

Senator COUZENS. Do they go and take their families?

Miss PERKINS. They take their families when they go expecting more or less permanent employment. However, our experience over a number of years is that it is usually peak employment, and we have always tried to tell them so. Nevertheless, it affords employment and it gives people out of work in one city an opportunity to go to another, where jobs are plenty.

Senator COUZENS. Has your observation been that these men who go from one community to another as you have described are married men or single men?

Miss PERKINS. I do not think we keep track of that. Of course, in general, it is the single men that go from one community to another. However, if the man is married and has children in school and other personal and family obligations to meet, the family will stay until the permanency of the work develops. Where there is anything like steady work in another community the family is glad to move when the work is steady. If it is peak or seasonal occupation the family does not

care to go, but the man goes alone and sends his wages home until he determines whether the work is going to be steady and they want to settle there.

Take the white-collar workers; I find a number of those coming to the public employment agencies from different cities. We have a system of public employment bureaus in the State of New York under the control of the department of labor, my department. You would be surprised at the number of white-collar workers registered at these agencies, and we send them from New York to Yonkers or to Auburn or anywhere else to place them.

The CHAIRMAN. How many agencies have you?

Miss PERKINS. We have four offices in the city of New York, one in Brooklyn, one in Albany, one in Syracuse, one in Rochester, one in Buffalo, one in Elmira, one in Binghamton, one in Dunkirk, and we have a number of cooperative agencies conducted by chambers of commerce in the cities of Auburn, Amsterdam, and recently one sprung up in Utica——

The CHAIRMAN. You cover the whole State?

Miss PERKINS. Yes.

Senator COUZENS. Would this body help outside of the State of New York?

Miss PERKINS. No; we have no regular clearance system—lacking a complete Federal system. Calls from New Jersey, Pennsylvania, and Connecticut would be welcome. Take Connecticut; for instance, in distance Hartford, Conn., is nearer to us, nearer for a man to go there than to go to a job in Buffalo. It is a shorter distance to travel; even across the river is nearer. They will go most any place. Boundaries don't matter to a workman looking for a job. He wants a job in his own trade.

Senator FLETCHER. There are no charges or fees?

Miss PERKINS. No; we are not permitted to take money from either an employer or from an employee in those better employment bureaus, and of course, it should not be taken. The enlargement and broadening of the scope and work of the Federal Department of Labor and the Federal Bureau of Employment would be highly important to all the great industrial States. The exchange system would be of importance to us. We do have personal, friendly relationship with certain groups in Newark whom we call up for workers, but, strictly speaking, it is outside our jurisdiction and we have no right to do it.

The CHAIRMAN. Have you any general State employment bureau?

Miss PERKINS. Yes, sir. We have extended our work recently by turning new workers into the employment bureau and taking on volunteers for the period of this crisis.

The CHAIRMAN. In general comparison, what business is done by the private employment agencies and your agencies?

Miss PERKINS. We do an infinitesimal amount as compared with the private employment agencies. They are much larger and there are many more of them, and State bureaus are not known in some communities.

The CHAIRMAN. You have your own State inspectors?

Miss PERKINS. There is a bill at Albany to provide for State inspections of private employment agencies. At the present time there is none by the State. There are a great many kinds of agencies and the business is one which lends itself to fraud.

The CHAIRMAN. Do you regulate their charges?

Miss PERKINS. No; we have no supervision over them.

The CHAIRMAN. That is what we are expecting to deal with in one of these bills.

Miss PERKINS. One of the three bills which are before you has reference to planning for public works. In this transition period which we are going through it is important for the community that there should be some method of taking care of unemployment during these times of depression which will probably continue to occur for a good many years, even with the best kind of industrial planning. I have hopes that within this generation industry, by long-time planning, will make headway—eliminating unemployment.

The CHAIRMAN. And even though we were fortunate to avoid all of the consequences of unemployment in the next couple of months, it would be very wise to indulge in this long-time planning?

Miss PERKINS. It is highly important; it is not only good economics but good business, in order to recover from an immediate crisis. We should be ready to start public work immediately when the amount of employment begins to grow less and less.

The CHAIRMAN. Our wisdom and prudence would not only suggest but require the enactment of some legislation of this sort at the present time.

Miss PERKINS. I should think so, sir. It seems to me highly important that this action be taken while we have an example before us——

The CHAIRMAN. Pardon me for interrupting, but I want to ask you about this: There are some distinguished people among us who are rather resenting the legislation because of the insistence on their part, as I understand it, that we are, so to speak, rocking the boat or doing something else to unemployment that ought not to be done. Such as that does not appeal to you, does it?

Miss PERKINS. I feel, sir, that I must stand on the old philosophy: "Ye shall know the truth and the truth shall make you free." It seems to me that is the way to proceed with regard to this problem which is no more psychological than any of the other great problems in America.

The CHAIRMAN. Permit me to compliment you on that quotation. My interruption was quite serious in one aspect. It has been suggested to me within the past few days that it is a serious blunder upon our part to go into this subject at all and to lay bare the facts in order that we might know what ought to be done in the future when this sort of situation may again occur. I have no sympathy with that objection. I gather from your experience that you have no sympathy with it, either?

Miss PERKINS. I have little, and I have perhaps more confidence in the intelligence and good will of American leadership than many people. I believe if we know enough about these things, we can get improvement.

The CHAIRMAN. I scarcely debate that with you; but, nevertheless, I think we ought to act as action may be required in the future. If you will proceed.

Senator FLETCHER. The important thing is, we all appreciate the seriousness of this situation and would like to help to remedy it. The important consideration for us is to know how far the Federal

Government can contribute and hope to help in this, what authority they have, what power they have and what they can do.

Miss PERKINS. Of course, sir, I am not in a position to tell you anything with reference to the constitutional powers of the Federal Government. You know more about that than I do. It would seem as though the rather simple measures described here by these three bills are simple and obvious and are definitely the first steps that the Federal Government can take which would be helpful in the solution of this problem. Gather information, accurate and ample information, building up the Federal employment service to provide exchanges for workers in the different cities, States, and a long-range plan of public works by the Federal Government would be a very definite and simple contribution to the solution of the problem.

The CHAIRMAN. It sets out a minimum of permanent agencies we could employ.

Miss PERKINS. I think so. It will have the effect of stimulating similar action in the different States.

The CHAIRMAN. Have you made any particular study of unemployment insurance?

Miss PERKINS. I have made only a cursory study of it. I am not prepared to discuss that as a State measure at this time. I may say that I am at the present time attempting to make a thorough study of it. One of the divisions of our department will in a year publish a report on various aspects of that subject.

Senator FLETCHER. Will the efficacy of this provision by the Federal Government depend upon the cooperation of the State and among the States?

Miss PERKINS. I think it would be efficacious even if there were no cooperation between the States, but I think it is inevitable, sir, that there will come cooperation certainly from the industrial States where the matter is already a pressing problem to the local population.

Senator WAGNER. And that is the kind of cooperation I think the States could use. In the State of Utah the Governor has submitted to the legislature by message, the proposition of the collection of precise statistics, and also the propostition of long-range planning as a way of eliminating unemployment, of cyclical unemployment. I think his message is based upon the information which he secured from the agitation concerning Federal activity.

Miss PERKINS. I think it is quite obvious that the activity of the President made in the early days of this recent emergency was extremely useful in stimulating not only the industrialists but Government leaders in the various States in the planning of public works which has done a great deal toward relieving the unemployment situation. This thing, already done by the Federal Government, has a most important effect on State Governments. (Applause.)

The CHAIRMAN. I thank you very much, Miss Perkins.

STATEMENT BY JOHN B. ANDREWS, GENERAL SECRETARY OF THE AMERICAN ASSOCIATION FOR LABOR LEGISLATION, NEW YORK CITY

The CHAIRMAN. Mr. Andrews, please state your name, residence, and occupation.

Mr. ANDREWS. John B. Andrews, New York City, and I am the general secretary of the American Association for Labor Legislation.

The CHAIRMAN. You have occupied that position how long, please?

Mr. ANDREWS. Twenty-one years.

The CHAIRMAN. In the course of your duties, in that position you have become familiar with the subject of unemployment?

Mr. ANDREWS. On that subject we make first-hand investigations, and we also publish a substantial quarterly, which is the American Labor Legislation Review, in which we publish the results of inquiries of all kinds, and try to keep our own membership informed.

The CHAIRMAN. As you know, we have under consideration three bills which have been introduced by Senator Wagner, and we would be very glad to have you give your views concerning those bills in any fashion which you may desire—just in your own way; we would be glad to have you present your views respecting them or the causes which render necessary an expense of that character.

Mr. ANDREWS. I shall be glad especially to concentrate upon the specific legislative program.

I will say, by way of introduction, that the present period of unemployment certainly appears to be worse than anything we have had since 1914. At that time, under Mayor Mitchel, in New York, I was the chairman of the Social Service Committee in our municipal lodging house. I have naturally been interested in that institution and its work since then. We find that at no time since 1914 has the city's accommodation, through the lodging house, been so overstrained as it is to-day. Now there, you know, is a large institution which gives lodging to men and women who can not afford the 15 cents for a "spot" in the Bowery and elsewhere. The municipal lodging house has completely run over, and they are sheltering them on the municipal barge which ties up at the dock at night. When the lodging house runs over and the barge on the river is resorted to, that is an indication that the situation is bad.

The CHAIRMAN. Is that the fact now?

Mr. ANDREWS. That is the fact now.

The CHAIRMAN. When you say the "barge," what do you mean?

Mr. ANDREWS. I mean a municipal barge which is in use in the daytime and ties up at the dock at night. During that earlier period we had great public interest in the problem of unemployment. Mayor Mitchel created a committee on unemployment, of which I was a member. Judge Gary of the Steel Corporation was chairman, and out of that grew certain recommendations. You will recall, in 1921, President Harding appointed a national conference on employment, of which Mr. Hoover was chairman. I was a member of that committee, and it was interesting to see the unanimity of opinion arrived at by the members of such representative committees on unemployment.

I should like, in a few minutes in dealing with these bills that are proposed, to just give a little bit of the background of this proposed legislation.

During the industrial depression in 1914, no fewer than six bills were introduced in Congress to establish a Federal system of employment bureaus. There were several well-attended committee hearings at that time, but action was deferred as the result of an announcement by the United States Commission on Industrial Relations that it was going to propose a measure. The commission, however, after a very long delay, failed to come forward with the bill. Instead, one of the

six bills earlier introduced in Congress was finally reported by the House Labor Committee, but it was too late for action at that session.

Subsequently the Industrial Relations Commission issued a tentative plan for a Federal system of employment. It urged the need of a bureau of employment within the Department of Labor which would cooperate with State employment bureaus, and there was widespread discussion of that proposal. It was quite along the lines of the subsequent proposals.

Now, meanwhile, many of the States and cities throughout the country established public employment bureaus of their own. And although Congress failed to provide the central clearing house that was needed, the Department of Labor, on its own initiative, secured the cooperation of the Post Office Department and the Department of Agriculture in setting up a makeshift system for job finding on a national scale. It was handicapped by inadequate funds and by an untrained personnel, two things of vital importance in any scheme of this significance.

In 1917 the attention of Congress was again called forcibly to the need of an adequate Federal employment system by the emergency of the World War. Then, you remember, employers were stealing workers away from each other and it was quite essential to have a public employment system with local officers to carry it on efficiently. The Robinson-Keating bill was introduced in Congress in December, 1917, with strong support, but it was not acted upon. Instead, Congress merely appropriated $250,000 to the Department of Labor for the purpose of improving the Federal service, and the President supplemented that inter-wartime appropriation with $2,000,000 from the President's emergency fund. The result was the creation of emergency employment offices under Federal direction in all parts of the country. During this emergency period, the Secretary of Labor separated the employment service from the Bureau of Immigration. At one time there were between 800 and 900 offices in this Federal system, which proved itself to be invaluable to the country during the war and the subsequent demobilization.

Even while this Federal activity in employment was at its peak, there was general recognition that the employment service then in operation was organized only as an emergency device, and that unless Congress took action to put it upon a permanent footing, the end of the war would find the United States in the same position as did the beginning, lacking that proven essential to industrial efficiency, an adequate, permanent, national system of public employment bureaus.

As a result, the Department of Labor, in April, 1919, called a conference at which there were delegates representing the governors of the various States and the Federal Employment Service. This conference urged the continuation of the United States Employment Service as a permanent bureau in the Department of Labor and made detailed recommendations for the establishment of such a bureau. The Kenyon-Nolan bills introduced in Congress in 1919 embodied these recommendations. They were supported by a message to Congress by the President who urged the necessity of legislation to meet the unemployment problem by developing and maintaining the Federal Employment Service. These bills were indorsed by the American Federation of Labor and numerous social welfare and civic organizations throughout the country, but nothing happened.

Congress, presented with the program, did not act. On the contrary, it cut the appropriations of the Employment Service. Although the Nolan bill was favorably reported from the committee in the House, this country had to face the unemployment crisis of 1921 without an adequate Federal-State system of employment bureaus. The emergency service set up during the war was reduced to skeleton proportions by the refusal of Congress to give it the needed financial support, a condition which has continued to the present moment. And the increased appropriation recommended by President Hoover in December, 1929, has misled some people. Upon analysis, it is found that $100,000 of the $168,000 increase is exclusively for service to veterans, and $55,000 is for the farmers. This leaves merely $13,000 of the increase for the general nation-wide cooperative work in the industries. That impresses me as being a very, very inadequate amount to aid in making the system really effective, and, surely, after all these years of delay, a really adequate, permanent public employment system should be established.

I should like to digress here to point out an emergency reason for action now. There are a great many of the fee-charging employment agencies throughout the country and the States have endeavored in various ways to prevent abuses which develop among such fee-charging agencies. There must be something in that business which leads to financial temptation to impose upon the weakest members of the community. It is striking that some countries have absolutely prohibited that business. That is true not only in some of the European countries, but five Provinces of Canada do not permit the charging of a fee for securing a job for an unemployed man. Such prohibition was attempted on the Pacific coast in one or two States some 15 years ago, but the United States Supreme Court held, in a divided opinion, that that could not be done in America.

Moreover, most of the States have taken action, some 35, I believe, endeavoring at least to regulate the fees charged by these private employment agencies. But in 1928, in the case of Ribnik *v.* McBride, the United States Supreme Court again, in a closely divided opinion, held that the States can not regulate the fees charged by these agencies. It was held that they were not sufficiently charged with a public interest to warrant the placing of control upon the fees they charged. There was a very strong dissenting opinion by Mr. Justice Stone, concurred in by Mr. Justice Brandeis and Mr. Justice Holmes. But the fact is that it is now impossible to limit the fees which are being charged in this country. The situation is serious. We are trying in New York State just now to place our commercial employment agencies under State regulation, and they are up at Albany fighting even the modest supervision requirements in the bills that are introduced. A condition has arisen which makes it exceedingly important that the public employment service be developed so as to compete effectively with fee-charging organizations that have peculiar temptations.

And again, we have the problem of regulation of such private agencies across State lines. No individual State, of course, can regulate or license and supervise the business of these fee-charging agencies conducted across State lines. There is another field where Congress must act. Some of us have been working in the preparation of a plan which we hope may interest some one. That program

is to place United States interstate commerce restrictions upon this interstate business that can not be touched by the individual States.

The people who have been studying the program of employment service most closely in the last 15 years are agreed that the bill you have before you should be passed. Congress ought to make adequate financial appropriation and provide for very able direction of the work.

Turning to this second field, with reference to long-range planning of public works: If I may here again stress the fact, this is not a new proposal for congressional action. During the industrial depression of 1914, public projects were used to relieve unemployment to some extent in most of the large cities in this country. Although much good was accomplished, it was then generally recognized by competent observers that such a program had been seriously hampered by failure to act in advance of the emergency.

In 1914, the California Commission of Immigration and Housing declared in this connection: "In fact, the general failure to plan ahead and the refusal to face the problem until the need is pressing, is the most pertinent criticism. Instead of delaying until another crisis comes, immediate steps should be taken to formulate a program for permanent State action. Suitable work should be outlined, funds provided, and definite plans formulated."

The CHAIRMAN. That was a good commission.

Mr. ANDREWS. It was an excellent commission and did some splendid work in California.

This criticism in California applies equally well to the national Government right now. It is just as valid in the present crisis as it was for California in 1914. So far as the Federal Government is concerned, the need of long-range planning still awaits recognition by Congress. A few of the States have made a little progress. The first, Pennsylvania, in 1917, created an emergency public works commission with a small fund, but unfortunately by a recodification of the law a little later it was dropped out.

In 1921 the depression caused California to adopt similar legislation and set up a State commission for the purpose of encouraging the State departments to come forward more readily with work, but it was on a very inadequate basis. In 1923 Wisconsin adopted legislation of similar character, and in 1929 Utah also provided the beginning of long-range planning of public works. It is interesting that the Legislature of Utah in starting out, locally, to do what it could in that State, also adopted a resolution inviting Congress to cooperate with the State and encourage the State to go forward with the State program. But the Federal Government has failed to adopt a permanent policy. In December, 1917, President Wilson urged the use of public works on a national scale to prevent widespread unemployment during demobilization.

The CHAIRMAN. Let me ask you there: constantly and continuously, whenever there has been a crisis, the same suggestion has been made in regard to utilizing public works to prevent unemployment, has it not?

Mr. ANDREWS. I was attempting to bring that out.

The CHAIRMAN. And while the suggestion has repeatedly been made, just as repeatedly there has been no real enactment that would carry out the purpose. These bills which were introduced by Senator Wagner, in your opinion will in some degree at least carry out the oft-repeated purposes or suggestion in regard to public works?

Mr. ANDREWS. Yes, if the action is taken.

A great crisis comes upon us in unemployment, with all its suffering—and, as Mr. Justice Brandeis said many years ago, unemployment is our most complex and most difficult industrial problem. If we are to get beyond the point of merely talking about it and relieve the unemployed at such times, we must set up definite machinery by which we may know how many are unemployed, and in what industries, and in what part of the country. But we must also take action and adopt efficient methods for handling the unemployed, giving them jobs more quickly through the employment service. That is a vital part of the whole program. Then we must plan intelligently, in advance, through our public-works programs.

Senator WAGNER. Is it your precise opinion to handle all or only a part of employment when you know there is going to be a recession in employment?

Mr. ANDREWS. The whole employment program of legislation is necessary.

The CHAIRMAN. What I was emphasizing to you, Doctor, is the fact that whenever you find this crisis has arisen these public works should be used; that is to say, do something so far as the unemployment is concerned, instead of repeating again what has been repeated so often with respect to the matter.

Mr. ANDREWS. Yes, sir. I agree with you, Senator, and even with the danger of being boresome I have tried to stress that very point. There appears to be need of action upon a program that appears to be very widely accepted as sound. That is particularly true of the public works part of the program.

The Kenyon bill, which was introduced several years ago, had it been passed, would have given us the basis upon which we could have been going forward with assurance in advance of this present business recession.

Senator WAGNER. Is it your opinion that with an effective and intelligent legislation and proper administration that cyclical employment can be eliminated?

Mr. ANDREWS. It certainly can be very greatly reduced. We can save ourselves from an immense waste.

The CHAIRMAN. At any rate, we can say that it will be alleviated.

Doctor, I am going to let you go on until about 3 minutes of 12. Senator Wagner and these gentlemen will have to go down to vote, so you will have until that time, if you please.

Mr. ANDREWS. I shall be very brief.

I want to stress the fact that public opinion has been widely expressed on this matter of public works. In 1921 the President's conference on unemployment, of which Mr. Hoover was chairman, made its recommendations and those were followed by later recommendations of his committee on business cycles and unemployment in 1923 and of his committee on seasonal operation in the construction industry in 1924.

Then, early in 1927, Senator Pepper introduced a resolution to appoint a Senate committee to study the stabilization of employment and industry through advance planning of public works, with a view to legislation. The resolution was reported favorably after a hearing,

but the Senate failed to act upon it. And, finally, in 1928, Senator Jones introduced a bill to create a prosperity reserve. The bill was approved by the Department of Commerce and was reported favorably with only one amendment by the Senate Committee on Commerce after a public hearing. Unfortunately, this was shortly before the national political campaign of 1928, and there grew up an apparent feeling that it would be a strategic mistake to admit the possibility of a future business recession, and the matter was simply blocked at that point after having been favorably reported by this committee. The bill was killed.

Shortly after the election, at the conference of governors, Governor Brewster, of Maine, and William T. Foster, speaking for the President elect, raised high hopes of the early adoption of a national permanent program for the prevention of unemployment. A year and a half have gone by without legislative action for this purpose. Again and again it has been pointed out by responsible officials in the States and cities, as well as in Washington, that it is practically impossible to launch suddenly any effective program of public works or public construction, which presupposes available funds, carefully drawn plans and contracts let, before actual work begins. There must be advance planning if the public-works program is to be really effective in meeting emergency conditions of unemployment.

Surely we have waited long enough for the adoption of the principle of long-range planning of public works as a definite policy of the Government. The bills introduced by Senator Wagner appeal to our group as being very sound and desirable, and I submit they ought to be made effective at this session of Congress.

Further indication of national interest and support is the indorsement of these principles during the past 10 years by Herbert Hoover. We have prepared just a little further chronology in reference to these subjects. It is very brief, but I will not take the time to read it, if it may be made a part of my statement.

The CHAIRMAN. It will be printed as part of your testimony.

(The matter referred to is here printed in full as follows:)

CHRONOLOGY OF HOOVER AND UNEMPLOYMENT

1920. Report of second industrial conference called by President Wilson; Herbert Hoover, vice chairman. Recommended: 1. Planning of public works as "one of the most useful approaches to the general problem of unemployment." 2. "Enactment of appropriate legislation by Congress, making provision for an employment clearing house under Federal control," cooperating with State bureaus.

1921. The President's conference on unemployment; Herbert Hoover, chairman. Recommended: 1. "An adequate permanent system of employment offices." Existing Federal provision declared inadequate. 2. Leadership by the Federal Government "in expanding its public works during periods of depression and contracting execution in periods of active industry."

1923. Report of committee on business cycles and unemployment, appointed by Herbert Hoover: 1. "The committee calls attention to the need for careful drafting of laws to insure a policy of reserving public works projects, if it is to be done effectively." 2. "A national system of employment bureaus was recommended by the President's conference on unemployment, and the committee gives hearty approval to that recommendation."

1924. Report of committee on seasonal operation in the construction industries, appointed by Herbert Hoover: 1. "The efforts to encourage long-range planning of public works deserve the support of the public, legislators, and administrative officials."—Foreword by Herbert Hoover. 2. "The committee calls special attention to the report of the President's conference on unemployment relative to a permanent system of employment exchanges."

1928. Herbert Hoover's Department of Commerce indorses the Jones prosperity reserve bill: "Enactment of the bill by the Congress would, in my opinion, encourage measures looking toward the same end on the part of the State and local governments, which would also be in accord with the unanimous recommendations of the President's conference on unemployment and its committee on business cycles and unemployment."—Memorandum by chief of the division of building and housing, Department of Commerce, submitted to the Senate committee by Herbert Hoover.

1928. Herbert Hoover in presidential campaign speeches recommends the planning of public works with a view to eliminating unemployment.

1928. Governor Brewster announces Hoover's "$3,000,000,000 reserve fund" program to the conference of governors "at the request of Herbert Hoover as an authorized exposition of a portion of his program for stabilizing prosperity."

And more recently another Senate committee reported in 1929. The Senate Education and Labor Committee's report upon unemployment declared: 1. "The Government should adopt legislation without delay which would provide a system of planning public works so that they would form a reserve against unemployment in times of depression." 2. The Federal Government should provide the agency to coordinate State public employment bureaus and "to assist in any national functioning of the unemployment exchanges."

The CHAIRMAN. Do you wish to ask any further questions?

Senator WAGNER. I think the doctor has covered everything.

The CHAIRMAN. I thank you very much, Doctor.

We will now adjourn subject to the call of the chairman.

(Thereupon at 11.45 o'clock a. m., the subcommittee adjourned to meet at the call of the chairman.)

UNEMPLOYMENT IN THE UNITED STATES

TUESDAY, APRIL 1, 1930

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON COMMERCE,
Washington, D. C.

The subcommittee met, pursuant to call, in the committee room, Capitol, at 10.30 o'clock a. m., Senator Hiram W. Johnson presiding.

Present: Senators Johnson (chairman), Nye, and Vandenberg.

Also present: Senator Robert F. Wagner, of New York; Mr. William Green, Miss Helen Hall, Mrs. Charles Merrell, Mr. W. N. Doak, and others.

The CHAIRMAN. This committee will please come to order. Who will you first introduce, Senator Wagner?

Senator WAGNER. I will ask, Mr. Chairman, that we hear Mr. William Green, president of the American Federation of Labor first.

The CHAIRMAN. We will be very glad to hear Mr. Green. Will you state, if you please, for the record, your name, residence, and occupation?

STATEMENT OF WILLIAM GREEN, PRESIDENT AMERICAN FEDERATION OF LABOR, WASHINGTON, D. C.

Mr. GREEN. My name is William Green, president of the American Federation of Labor, Washington, D. C.

The CHAIRMAN. How long have you been president of the American Federation of Labor?

Mr. GREEN. For six years.

The CHAIRMAN. We have under consideration, if you please, the three bills of Senator Wagner, designed in some degree to aid in the Government's solution of the problem of unemployment, and we will be very glad to hear you in such fashion as you desire to present the matter.

Mr. GREEN. Well, Senator, I will be very glad, indeed, to present my personal and official views regarding the problem of unemployment, and, particularly, as it is dealt with in these proposed measures by Senator Wagner. Now first of all, I have a statement here that I should be very glad to make. It covers some of the points, I think, in a more detailed way than I probably would cover them in an extemporaneous statement.

We estimate that 3,700,000 wage earners were out of work in the month of February, 1930, and that they lost over $400,000,000 in wages. Since unemployment was nearly as high in January and March as in February, those out of work lost well nigh $1,000,000,000 in the first three months of 1930. That is, those men who might have created over $1,000,000,000 worth of wealth were standing idle, and the country as a whole, as well as the men themselves, is that much

poorer because these wage earners were not employed in productive work. One billion dollars worth of wealth created by our wage earners and spent for the products and services of our industries in three months would undoubtedly be more than sufficient to turn the tide of business from recession to advance. A billion dollars added to the incomes of wage earners in three months means an approximate increase of 5 per cent in the total national income for that period of time.

The wealth which these unemployed workers could have created would buy all the goods our manufacturing plants produce in one week; it would pay for all the buildings constructed in all parts of the country in three weeks, or buy all the automobiles manufactured in three months, or all our steel mills produce in five months.

Unemployment has been a recurring problem since the beginning of the factory system. Our first answer to the problem was charity. Charity was inadequate to meet the workers' needs and left us quite unprepared to meet the next mounting wave of unemployment.

First we found the social consequences of unemployment. Wage earners' incomes depend on the daily job. Unemployment cuts off the money that buys the necessaries of life, so that "loss" of job is a haunting fear never quite out of mind. Inability to find work takes from the worker that which gives him self-reliance and self-respect. Unemployment is a most demoralizing experience. Standards of living go down; then begin physical, mental, and spiritual deterioration, which may be checked if a job is found in time. But the experience leaves scars that may impair the physical and embitter the spirit.

In addition to social costs of unemployment, we have been finding its economic costs through waste and interference with industrial stability. Modern industrial organization is constantly attended by some form and degree of unemployment. Even in prosperous times there is unemployment. The unemployment figures of the American Federation of Labor show that among our membership during the past 27 months unemployment did not fall below 9 per cent for all trades and rose as high as 22 per cent. It is most significant to note that even during the months of 1929, in which peace-time production reached new high records, in 24 chief industrial centers our average unemployment did not fall below 9 per cent. This is indeed a grave problem.

Doubtless one element in this problem is a mounting wave of technological unemployment. The federation has been increasingly conscious both through reports of displacements received from trade-unions and reports of technical progress. Increasing application of scientific information to industry has brought social progress, but the changes have been installed without consideration for what happens to displaced workers. Unemployed workers have been left to pay the costs of social progress. Intelligent managements have amortization funds to provide against scrapping of machinery, but few have anything to tide over the workers who have been putting their physical and mental ability into operating the old machines.

During the past year unemployment has been steadily mounting over the previous year. Since October it has increased from 11 to 22 per cent, due to a business depression. This huge unemployment has in turn retarded recovery from the industrial recession of last fall.

Trade and industry depend very largely on wage earners for customers. Over 57 per cent of all income drawn by individuals from American industries and 75 per cent of all income from transportation is paid to employees in wages and salaries. When this income is cut down, the effect on retail trade is immediate.

Unemployment in February this year is the most serious we have experienced in the three winters we have collected figures and indicates that approximately one worker in every four was out of work. In the building trades 43 per cent were unemployed, or approximately one out of every two. The total volume of wage payments to workers in manufacturing industry has dropped 14 per cent since the stock crash, and payments to employees on railroads has fallen 12 per cent.

Because of this serious curtailment of buying power retail trade has failed to make its usual spring recovery. Trade and statistical journals report that sales of retail stores are still lagging, and an improvement in the employment situation is eagerly awaited. Because a strong demand has not come from retail stores, wholesale buyers and jobbers have been holding off, taking only small lots of goods for immediate needs, lacking confidence to order ahead. Manufacturers are forced to limit production, and prices are still declining.

Another factor that undoubtedly has been influential in the industrial depression and in retarding recovery is installment buying. Installment buying was instituted to extend to wage earners purchasing power so that mass production industries might have customers. By mortgaging their wages, wage earners have bought things that would otherwise have been impossible. Undoubtedly installment buying has raised standards of living for many. But installment buying overstimulated contributes a depression force and quickly gets into difficulties through unemployment. Steady work is necessary to steady payments. The unemployed forfeit their goods and dealers take losses.

For 13 months before the recession last summer industrial activity had been rising. But our factories were producing beyond the power of the public to buy, for production increased more than twice as fast as the purchasing power of wage earners. From May, 1928, to June, 1929, production of factories increased 16 per cent, while wage payments to workers in factories rose only 8 per cent and payments to railroad employees increased only 1 per cent. Winnings on the stock exchange provided income for buying temporarily, but speculation can never be counted on to sustain industrial production. In the long run, industry must depend largely on the wage earners for its customers. Credit for installment buying has been used to make up the deficit in wage payments, but unemployment has now put an end to this resource.

We have recently been learning more of the interdependence between employment, wages, maintenance of production, and prosperity. Steady increases in wage earners' incomes are necessary to provide buyers for increased output of industries and agriculture. In other words, wages become an aspect of business credit on which the producer must calculate. High wages are a sustaining element in prosperity and prevention of unemployment.

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Unemployment is a problem which has plagued workers and communities for decades and is beyond the power of individuals or groups to cope with. It is a social as well as an industrial problem and requires the joint efforts of every organization or element concerned with it.

Our unemployment problem: I will endeavor to outline it to you now in this consecutive order, and it touches very closely the measures under consideration. First, fact finding:

Before any fundamental plans can be developed we must first know the facts of the problem and the amount of unemployment and the occupations of the unemployed. There are three major sources from which this information can be obtained:

(1) Unemployment census: An unemployment census has been authorized by Congress in connection with the decennial census. The information produced through this census will be increasingly valuable when supplemented by similar material from other census enumeration. The unemployment census should be a regular feature of the decennial census. The total picture of unemployment should be given, part-time work as well as those entirely without employment.

(2) Supplementing this periodic information there should be a national clearing house of current unemployment data such as only an adequate Federal employment service could furnish. The unemployment data should be compiled and supplemented by such special unemployment studies as might be necessary to show unemployment trends.

(3) Some one Federal agency should assemble and publish the facts of employment in all the major industries. This information for some industries is now gathered by various departments. The present method of compiling employment data is based on the number of pay rolls and does not give the full measure of unemployment as reflected in decline in incomes, because it does not consider part-time employment. It does not give the number of man-hours worked.

INDUSTRIAL MEASURES

(1) Stabilization: Some progressive industries have demonstrated the possibilities of regularizing production. Management has major responsibility in planning for stabilization, but workers through unions have helped materially. Recently there was signed an agreement between the railway shopmen and the Baltimore & Ohio Railroad to cooperate to regularize production. In the construction industry notable headway has been made in reducing seasonal irregularities in production. New methods and materials have been found to reduce the seasonal factor. Where seasonal fluctuations can not be wholly eliminated provision should be worked out by workers and managements to put incomes on a yearly basis.

Some of the problems of stabilization involve the industry or the community. Some cities are attacking the unemployment problem as a community responsibility and at least one State is doing likewise.

(2) Industries' responsibility to employees: Industries have not been equally courageous in acknowledging the vital partnership which wage earners bring to a production undertaking. The physical plant and raw materials are useless without the human productive force which is contributed by wage earners. The industry has a responsibility for these workers which must be met by fair wages and hours, and during irregularities in employment which the industry can not overcome hours should be still further reduced and the work distributed among the work force so that none should be turned adrift to charity or bread lines.

The work contract places upon management responsibility for furnishing continuous employment. Too many managements get from under the consequences of bad management, unwise sales and buying policies, business depression, etc., by charging the losses to the workers in the forms of wage reductions and layoffs.

REMEDIAL MEASURES

(1) Federal employment service to connect workers wanting jobs with work opportunities. At the present time unemployed workers have no way to know about jobs that they might get. They have no money to pay the fees of the private agencies, and the public service is inadequate. An adequate national system of employment service must establish the standards and practices to be followed in local offices. In order that this service may have the confidence of industry and labor there should be understanding and approval of policies and decisions. This sort of confidence comes from participation in policy making. There should be therefore an advisory council in which labor and management should have representation.

(2) Workers displaced by technological changes need special employment counsel and the assistance of vocational-training opportunities in order to adapt their abilities to new work without loss of income or lowering of standards of living.

(3) There has been discrimination against the older worker through employment policies favoring younger workers without discrimination as to the real qualifications needed. There should be job analysis to establish job requirements in order to find work for which older workers are adapted. Middle-aged workers, denied employment because of age, augment the ranks of the unemployed.

(4) Cyclical unemployment: To meet periods of depression there should be deferred programs for construction of public works, ready to be initiated when needed. Such a program has been before Congress. Although such a program has been much discussed for years and generally approved, the depression last year came upon us without provisions for initiating a constructive program together with the machinery for putting it into operation.

Labor is fully persuaded unemployment can be eliminated as a social and economic problem. We have organizations necessary to contribute to its solution and are ready to cooperate in working out constructive methods. Unemployment is the most serious drain on industrial progress and a serious social waste.

Now, Mr. Chairman, that concludes the formal statement that I desired to submit.

The CHAIRMAN. Have you, Mr. President, studied at all the bills of Senator Wagner that are before us for consideration now?

Mr. GREEN. Yes, sir.

The CHAIRMAN. Will you give us, please, your views respecting those bills?

Mr. GREEN. Yes; I will be very glad to do so. First of all, Senate bill 3060, I think it is numbered, which provides for the establishment of a national employment system for cooperation with the States, and the promotion of such system, and for other purposes, seems to deal with this subject of national and State employment services in a most practical and constructive way. It appears to me that the machinery provided for in this measure will, if put into effect, adequately meet the situation.

There are, perhaps, an amendment or two that we would like to suggest, particularly in that part of it which provides for an advisory board. I think that ought to be more specifically drawn so that it can be made quite clear that advisory boards will be created composed of employers and employees to cooperate with the employment agencies set up under the provisions of this proposed act.

There are two points that appear to me are important in connection with that phase of it and that is, of course, the employment service will be given the benefit of the trained experience of employers and employees in dealing with unemployment problems. That experience ought to be valuable because it is gained out of a lifetime association with industry and unemployment.

Second, the confidence that will be created in the employment service among the workers and all groups of people.

The CHAIRMAN. Let me, if you please, get your idea somewhat in detail as to the duties of the advisory council. That relates, I assume, to section 11?

Mr. GREEN. Section 11 (a).

The CHAIRMAN (reading):

> The Director General is authorized to provide for the establishment of advisory councils of employers and employees for the purpose of discussing problems relating to unemployment, and insuring impartiality, neutrality, and freedom from political influence in the solution of such problems. Members of each such council shall be selected from time to time in such manner as the director general shall prescribe.
>
> (b) In carrying out the provisions of this act the director general is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants for employment.
>
> (c) In carrying out the provisions of this act the director general is authorized to provide for establishing employment offices for individual occupations.

You would like greater detail written into that section?

Mr. GREEN. Into section 11.

The CHAIRMAN. And would you mind, if you please, stating now just the additional detail that you think would be appropriate?

Senator WAGNER. May I intrude here just long enough to say that I appreciate the suggestion made by President Green, and I had that in mind, and I have had the bill redrafted to include the amendment which I proposed to submit to the committee, which covers that very provision at the end:

> The Director General shall require the organization of State advisory councils composed of equal numbers of employers and employees.

The CHAIRMAN. Does that meet the situation?

Mr. GREEN. That meets the situation in a way because of the equal number of employers and employees.

The CHAIRMAN. All right.

Mr. GREEN. I think, too, that the advisory council ought to be selected from recognized organized groups of employers and employees, authorized to speak for labor. Now, whether that could be——

Senator WAGNER. That is more a matter of administration?

Mr. GREEN. Perhaps it is. The thing we are concerned about is that the advisory board shall be truly representative of labor and of employers, and that we be not burdened with some groups that might be classified as representing employers and laborers but that did not really represent them. That is a point I had in mind as well; and then the equal number of employers and employees.

I think those were the points I had in mind in that feature of it.

The CHAIRMAN. Have you any other suggestions?

Mr. GREEN. I do not recall that we had any other suggestions to offer in connection with the bill. I think that covers the points in a very practical and in a very reasonably satisfactory way.

The CHAIRMAN. Have you looked into S. 3059, the bill for advance planning and regulated construction of public works, stabilization of industry, and so forth?

Mr. GREEN. Yes; we have looked into that, and I find from an examination of that bill and the declarations of the American Federation of Labor in conventions from time to time that there is a corresponding similarity between our declarations and the provisions of this bill.

The CHAIRMAN. Have you any suggestions to make as to any amendments that might be made to that bill?

Mr. GREEN. I have not at this time. I may later, Senator, after I give it more careful thought, but just at the moment I have not any.

The CHAIRMAN. Now, take S. 3061.

Mr. GREEN. That is for the purpose of gathering statistics?

The CHAIRMAN. Yes.

Mr. GREEN. We have always contended that that is very necessary to a primary consideration of the whole problem of unemployment. You know, first of all, the need of facts; and at the present time we are not in possession of the facts, because there is not any statistical department of the Federal Government that seems to be organized properly and in a workable way at least to go out and secure this information.

The CHAIRMAN. The fact of the matter is that it is an impossibility at the present time to determine from the reports of the various departments just exactly what the situation is; is that not it?

Mr. GREEN. That is a fact; and, pardon me, for that reason we have been endeavoring to secure information and we have found that our facts secured in response to inquiries we make are more reliable than the facts secured by any department of the Federal Government.

Senator WAGNER. And that could all be saved your organization if there was an accurate collection of statistics, could it not?

Mr. GREEN. Oh, yes, sir.

The CHAIRMAN. Have you any amendments to suggest to the bill S. 3061?

Mr. GREEN. Not so far as my examination of the bill goes now. If I, after more careful study, feel I could offer some suggestions, I will be glad to submit them.

The CHAIRMAN. We should be very glad to have them.

Mr. GREEN. I would be glad to do that.

The CHAIRMAN. If there are any other matters you desire to touch on in relation to these measures, or the incidental subject, we would be very glad to have you do so.

Mr. GREEN. Well, just this: It might be well if I would present in just a brief way my impression regarding the seriousness of technological unemployment. You recall that I drew your attention to this fact when I submitted the prepared statement, that under normal conditions there are about 9 per cent steadily unemployed. That unemployment represents a very large number of workers that are being constantly displaced through the introduction of mechanical devices and machinery. Under the present plan prevailing the displaced worker is very greatly handicapped. It is impossible for him to find out definitely where he can find a new position. He is thrown out of work in his own community and he immediately tries to find other employment; but he is fitted for something better, as a rule, than merely serving as a common laborer, and that must be considered in matters of this kind, as usually the man displaced is a skilled worker.

That is going on now among musicians and mechanics, artisans and skilled workers of different kinds. That skilled worker, Senator, has builded through his years of service a standard of living which must be taken into account. And there is a great social problem involved when he is compelled because of being displaced by machinery to lower that standard of living by being compelled to accept some common laborer's job that means less wages, reduced income, and all that sort of thing.

Senator WAGNER. Mr. Chairman, I was going to suggest that while that is a very serious problem and has been existing for some time since the mass production of automobiles by machinery and that sort of thing to a large extent, yet the Federal Government has never even undertaken a study of that question at all.

Mr. GREEN. That is the point I am trying to make, Senator, right now, that notwithstanding it has been going on until skilled men in some trades have been entirely displaced, there has been no study made of the subject; there has been no effort on the part of the Federal, State, or municipal governments to cushion the man from his displaced position into some other position for which he is suited.

Senator WAGNER. As a matter of fact, we do not know what happens to him at all?

Mr. GREEN. No. We have been trying to follow some of them that have been displaced and it is really interesting. Some have gone out and become insurance agents, some have gone out and become taxicab drivers; they have found employment wherever it was possible, but nobody has helped them.

Now, the training of that displaced man is of value to society. He is a skilled worker, and that skill was acquired through years and years of training and service. Imagine a skilled mechanic, displaced by a machine, being compelled to drive a taxicab. Society is losing the benefit of that trained mind. The Government ought to help him to find some place for which he is fitted, and in that way he would be helped and society would be benefited. But as it is there is no clearing house. The man is at a great loss. There is no place for him to go except to some private employment agency, where in all probability he is further exploited.

The CHAIRMAN. All right; what do you suggest?

Mr. GREEN. That is the point I want to emphasize in connection with this employment agency, that these Government employment agencies should be a clearing house for helpful information.

The CHAIRMAN. Yes. But if the question is one of technological unemployment, the individual has been removed from that employment for which he is fitted and to which he has devoted his life?

Mr. GREEN. Yes.

The CHAIRMAN. And there is no employment of that particular kind because of the peculiar circumstances surrounding his employment?

Mr. GREEN. Yes, sir.

The CHAIRMAN. And none that can be given him. Is there any remedy or any cure that you can suggest to meet the peculiar situation?

Mr. GREEN. There is no remedy, so far as finding him a position similar to the one he occupied before he was displaced—I mean exactly like the one he occupied before he was displaced. But if he could go to a clearing house where there was information he might find a place.

The CHAIRMAN. I recognize that. But before the evil occurs, is there any suggestion you can make to remedy it?

Mr. GREEN. None whatever, that I can see.

The CHAIRMAN. Would shorter hours do it?

Mr. GREEN. That would probably not help in technological unemployment, but it would help in the general question of unemployment.

The CHAIRMAN. You think it would not help in the former?

Mr. GREEN. I do not think it would help the man displaced.

The CHAIRMAN. Would a shorter week or shorter hours be helpful?

Mr. GREEN. Well, it would not help the man from being displaced, in my judgment, Senator, because this movement of technical and mechanical development of industry is going on and men will be displaced. But reduction in the hours of a day's work and in the number of days worked per week will help in the whole problem of unemployment, and in that way will indirectly at least help the man displaced.

The CHAIRMAN. What was running through my mind is this: After he has lost his job it is an extremely difficult thing to fit him into the appropriate place?

Mr. GREEN. Very difficult.

The CHAIRMAN. Of course, that the Government should aid a man goes without saying to a man with views like mine. That is not debatable with me. If he can be aided, he should be aided. But I am not clear what aid can be extended to him, and so I have been wondering whether or not it is not possible in the first instance, by the adoption of a program to prevent the evil occurring.

Mr. GREEN. How would you prevent him from being displaced?

The CHAIRMAN. I am not clear on that; I say that to you very frankly. But is it not possible that if the hours were shortened and the weekdays shortened that then he might remain in his employment?

Mr. GREEN. Well, that would help him where it is a question of employment and unemployment. But, perhaps, I can bring the matter home by making this illustration as to the difficulties we meet in dealing with this peculiar problem of technological unemployment.

The CHAIRMAN. I consider this the most serious thing we have to deal with.

Mr. GREEN. I appreciate that, and that is the reason I am referring to it, because it is so serious.

The CHAIRMAN. I know, too, that you have made such an extensive and such an intensive study of the subject that you probably could afford me information where my mind is not clear.

Mr. GREEN. Well, it lies very heavily upon our minds, because it is so serious. First of all, I will take for a concrete illustration: Here is the glass-blowing industry that has been so changed that now the skilled hand bottle blower has been displaced by machines. There are no skilled hand bottle blowers any longer. These were skilled men, but now they have been displaced by machinery. A shorter week or shorter day would probably not in any way prevent that displacement because it has been found that the machine can do the work.

The same condition now exists in connection with the movietone where musicians are being displaced. Short time would not help them.

Here is a glass blower who acquired his skill and training through years of experience, and he had followed that line and his trade is destroyed in a day. You can not keep him in that industry any longer because the machine is doing the work, Senator. There is no place for him; you can not keep him in.

The CHAIRMAN. Somebody is running the machine?

Mr. GREEN. That is run automatically.

The CHAIRMAN. It is run automatically, but by virtue of human activity.

Mr. GREEN. Well, the number required to operate the machine is so inconsequential that there would be scarcely any chance to divide the work among them all.

But there could be some help in many industries where displacement goes on by reducing the number of hours and the number of days worked per week. There can be some help rendered. But the thought we had in mind in dealing with the whole big subject of technological unemployment is to help cushion the man, to help find, say, a glass blower, skilled and trained, a position somewhere else that would approximate the kind of work he was engaged in before he was displaced.

The CHAIRMAN. Yes; but what troubles me is that he has been discharged, and he is only a glass blower.

Mr. GREEN. Yes.

The CHAIRMAN. He has no other technical knowledge at all.

Mr. GREEN. No.

The CHAIRMAN. It is true we might distribute in employment such as you suggest, taxicab driver and the like.

Mr. GREEN. Yes.

The CHAIRMAN. But how are you going to cushion that sort of individual, as you put it, who has a technical training, the activity in which is now denied him?

Mr. GREEN. Here is the point we have in mind on that: First, he has a trained mind because he is a skilled man. His work is different from ordinary common labor. In the mass-production industry, such as airplane or automobile—industries of that kind—there are

places where men of some training and skill are required, but when the man is displaced he is uninformed; he does not know where to go.

Senator WAGNER. That is the point I want to bring out.

Mr. GREEN. But if some agency could assemble all the data, just like the Weather Bureau getting the reports.

The CHAIRMAN. I thoroughly agree with you in that.

Mr. GREEN. That is the help we thought could be extended to that displaced workman.

The CHAIRMAN. But the confusion or perplexity that is in my mind is, whether you are really going to afford him the relief that should be accorded the skilled employee under such circumstances.

Mr. GREEN. I would not make the statement that you can restore him to the position, that is, that you can restore him to absolutely the same position.

The CHAIRMAN. No; but a similar position requiring like skill. The difficulties of it are perplexing me.

Mr. GREEN. They are perplexing; they have perplexed us in that respect. But the difficult thing about it is, we feel that now nothing is being done to help him, and what we want to do is to extend him some help.

The CHAIRMAN. I quite agree with you there.

Mr. GREEN. But this is one of the most serious perplexing and difficult problems we have ever met.

The CHAIRMAN. It is the worst.

Mr. GREEN. Technological unemployment is the worst grade.

Senator WAGNER. That is what I meant to emphasize, that the Government has never concerned itself with this very serious social problem, which has been allowed to drag, drag, drag; and it will certainly affect the general economic conditions of the country if it is permitted to go unsolved; and I have this in mind, Mr. President Green, that the collection of accurate statistics which, as you said a moment ago, is the basis of this whole thing. I mean, nothing can be done toward preventing or alleviating unemployment, unless we have accurate information, and that is something the Government has never had and has not to-day?

Mr. GREEN. That is right.

Senator WAGNER. And that accurate information will also reveal, with some accompanying study of the situation, although we can not tell just what those figures will reveal—they may suggest to us solutions?

Mr. GREEN. Yes.

Senator WAGNER. And then we have got to think about the solution. I agree with the chairman, of course. I know his sympathies for these people who are sacrificed in the interest of progress; that we owe them a duty of some kind, where the whole country benefits because of some new invention which makes things cheaper, makes life more comfortable, and is a contribution in that way toward progress and comfort; that the man who is sacrificed because of that, who loses his craft, ought not to go hungry.

Mr. GREEN. Yes.

Senator WAGNER. I mean, where society generally has benefited and he is sacrificed by that; and that is why I say the Government should step in.

The CHAIRMAN. All right, now. President Green, you do not mind this discussion?

Mr. GREEN. Oh, I am glad to enter into it, Senator.

The CHAIRMAN. What I am groping for, and unsuccessfully I confess to you, is to see if there can not be some remedy found in the first instance, that will preclude the possibility of that man's discharge who has spent his life in a certain technical industry and, certainly, if that can not be found, whether or not subsequently dealing with that individual as he has dealt with himself in his activities until he met the misfortune of losing his position through no fault of his at all whether then we can not do something that will enable him to live and work as he has lived and worked before he lost his position.

Mr. GREEN. I am in hearty accord with that, absolutely, Senator.

The CHAIRMAN. I do not know what to do, I confess to you. These palliatives that are here before us, of course, are favored. But I am looking to see if there is not some way, some method by which the Government may reach out its strong arm, maybe, to really give aid to the individual.

Mr. GREEN. There is where we are confronted with the worst, it seems to me, almost insolvable problem. First of all, here is a musician. He is temperamental and emotional; he is 50 or 60 years of age; he is a genius probably, a musician from childhood. His hands are soft, his muscles are soft. He is displaced because the talkie is introduced and the orchestra is driven out, and he can not go out into an already overcrowded industry and find a new place. I had the figures just recently which showed that there were approximately 20,000 musicians actually idle throughout the country. Now, as I say, he is a musician. Where is he to go? Can he take a pick with his soft hands and pick in the ditch?

The CHAIRMAN. No, of course, he can not; nor can he drive a taxicab.

Mr. GREEN. No, and there it is. What are we to do with that man?

The CHAIRMAN. That is exactly what I am thinking of, and what I can not solve.

Mr. GREEN. There is one answer to that which might be helpful, and that is this: That there might be a division of the work in the musical industry, if we may be permitted to put it on that basis, so that all could be given a share of the work. There may be some plan that could be worked out for temporary relief, but with the displacement still going on that would soon fail even as a temporary means of relief.

Now, there is the problem. There you are, Senator. What are you going to do in such cases as that?

Senator WAGNER. Does that not lead you up to employment insurance?

Mr. GREEN. The man who loses the job is the man who pays the price for the social progress that we are making.

Senator WAGNER. He ought not to pay that price.

Mr. GREEN. Should he be required to pay that great price?

The CHAIRMAN. Other things being equal, no. I was hoping, however, that you would be able to develop some sort of program here that would assist in that direction, that would go far beyond this. Do you want to express any opinion on unemployment insurance?

Mr. GREEN. This I will say in regard to that: First of all, I think if the trades-unions were allowed to function, and if there was not such relentless warfare made upon trade-unions by corporations and large employers of labor, that there could be developed through collective actions forms of unemployment insurance which would result in tiding the employees over these periods of seasonal unemployment. In some industries where trades-unions function plans have been worked out between the trades-unions and the employers which provides for the payment of out-of-work benefits during the period of seasonal unemployment; and in that way the worker is tided over; he draws his weekly pay right through. That is arranged through agreement between employers and employees.

The trouble is that because of the relentless warfare made upon trades-unions we are not allowed to function as we could.

You could take it in the city of Detroit, Toledo, and other cities, in these places where mass-production industries are located. The employers seem to hate the American Federation of Labor worse than they hate the communist organizations, and they make war upon us. So that if a man or woman joins our trades-unions they are discharged and driven out simply because they joined. Then, when these periods of unemployment come on, these employers in these mass-production industries simply turn employees adrift, and the cities and the charity organizations must take care of them.

But, I think this way, that unless we tackle the problem along the lines proposed in these bills, so that Government construction can take up part of the slack of unemployment when these periods come on, through careful planning—and employers planning to divide their work, when these periods come, with all of their employees instead of turning them adrift, we will be headed either for unemployment insurance or some other thing.

The country can not stand these shocks as they come from time to time as the result of unemployment, and the Government will be face to face with providing funds to take care of workers, or revolution or have a revolution on our hands; that is my opinion.

While I do not like the commonly called dole—I do not think it is a good thing; it is rather demoralizing, because I think a man is better off to earn the money than to have it given to him, and there ought to be opportunities created for him to earn the money. Yet I am sure from a study of the situation here and abroad that it is impossible for us to go through these experiences unless we adopt some measures to deal with them in an adequate way.

Now, that is my view of it.

The CHAIRMAN. Senator, do you wish to ask some further questions?

Senator WAGNER. A good deal of this unemployment could be avoided, of course, by intelligent management by the industry itself?

Mr. GREEN. Yes.

Senator WAGNER. I had in mind the seasonal unemployment.

Mr. GREEN. Yes.

Senator WAGNER. A good deal of it has been eliminated now by intelligent management?

Mr. GREEN. Yes.

Senator WAGNER. I do not like to call these measures helpful, because I think they are more than that. As to the technological

situation, about which we are ignorant, I think a study of that will be prompted by the collection of accurate statistics. So far as cyclical unemployment is concerned, I feel that with proper administration under this legislation, proper gathering of information, intelligent conduct of employment agencies and the timing of public works, that you can practically eliminate what we call cyclical unemployment, which is simply going on and producing without knowledge of the economic conditions; for instance, such as the manufacturing one year of 15,000,000 radios, with none of the manufacturers taking into consideration what is the possible consumption within a year of radios by the public. If they had a better knowledge of economic conditions as reflected in unemployment statistics—because I think that is the most accurate mirror of the economic conditions of the country—that overproduction would not occur; and when we have this tremendous overproduction then comes the depression and the unemployment.

Mr. GREEN. I think, Mr. Chairman, that this legislation must be supplemented by patriotic and economic and industrial service on the part of private employment corporations and employers.

The CHAIRMAN. You speak now of voluntary activity; that is, education of the industry?

Mr. GREEN. Yes. Unless they do, they are headed for what I think will proximate the dole that is now in England; they can not escape it.

Mr. WAGNER. They can not let men go hungry?

Mr. GREEN. No, they can not let men and women go hungry; they will have to choose between better planning and the dole, in my opinion. They are headed for it, and that will be a shorter working-day and a shorter working-week, so that the production in industry can be balanced with the consumptive power of the people.

Now, then, secondly, they will have to provide a better way to find their employees work throughout the year, and if there comes these cyclical periods of unemployment, there will have to be some plan which will provide for a division of the work among all their employees rather than to cut loose 20 or 30 or 40 per cent and let them drift. If they have not got work six or five days a week for them, then let them give them three days' work a week and that will keep all of those employees as consumers in a consuming market. And they must take into account that these men are entitled to a yearly income just as much so as the stockholder is entitled to his yearly dividend. There is an obligation on the part of the employer to tide these men over; and I think it is a moral crime on the part of employers to turn 20, 25, or 30 per cent of their employees adrift, to be dependent upon charity, upon municipal charities, upon religious organizations to feed them at a soup house or in some charitable institution.

The planning I have in mind is this—I repeat it again—that if the market is so curtailed that it is impossible for them to run a factory five days a week, then let them run it three days a week, but all the time make a division of the work among all their employees so that all will earn something to tide them over this period of unemployment.

I think it all ought to be supplemented, Senator, by a reduction in the hours worked per day and in the days worked per week. I think the 5-day work week ought to be established universally. We are ready for that and it ought to be established, because there is every reason why it should be established.

I should like to incorporate in the record the declaration of the American Federation of Labor regarding public planning and the expenditure of public funds during the periods of cyclical unemployment.

The CHAIRMAN. We shall be glad to grant that privilege.

(The statements referred to are here printed in full as follows:)

AMERICAN FEDERATION OF LABOR CONVENTION, 1922

We can not hope to eliminate unemployment in the immediate future. It is necessary then that labor reaffirm its remedial program and put renewed energy into the effort to secure each separate measure of the program.

1. An initial objective in that program is a Federal employment service, competently organized and adequately financed. Such an agency is necessary to bring job and workman together and to supply employment necessary for intelligent planning by management and labor. The United States is practically the only important industrial country that has not established such an extensive and efficient business and humanitarian service. The employment service developed during the war emergency ought to have been intelligently reorganized instead of being scrapped by a short-sighted Congress. We should seek at once proper legislation and adequate appropriation for such a service.

2. We recognize that the only way to eliminate unemployment is to start the wheels of industry and to provide employment for workers. The most desirable result is to provide employment for each person at his preferred trade or calling. This means to keep in motion the wheels of industry.

Every industry must support its workers. If a given industry fails to support its workers, the industrial problem can not be solved by trying to find some other occupations for these workers. Public works can not help the unemployed in the needle trades, or the cigar trades, or the printing shops. But each industry must care for its own workers including the reserve force it requires. This problem can be solved by those directly concerned. To this end there should be organized in each craft or calling a national conference board of an equal number of employers' representatives and representatives of international trade-unions, assisted by such expert advice and counsel as the Department of Labor and the Department of Commerce may be able to give to these boards.

Anyone who gives more than casual study to the determining factors in production finds that the service motive is allowed a very restricted influence entirely out of proportion to its nature. Although things should be produced for use, the needs of society have not a final determining voice in deciding output, as disinterested consideration of the question of output would indicate that the needs of society ought to be made the basis for guiding production. Change in controlling policies can not be effected by law. It will be the result of developing intelligence and by the force of public opinion together with demonstrations of its practicability.

3. An indirect way to stimulate industry in periods of depression is to provide for the expansion of public works and public highways, with the development of such cycles. We recognize that public works and such productive public investments are not primarily expedients to relieve unemployment but should be an integral part of a definite national program for conservation and development. However, execution of parts of such a program can very properly and with economic advantages parallel periods of economic depression. Extension of credit to investment projects of such a character will be based upon absolutely sound security.

The chief fields for the new extension of public credit for public purposes are:

1. *Reclamation.*—Development and extension of the reclamation of arid, swamp, and overflow lands.

2. *Waterpower development.*—Development of such part of the undeveloped water power in this country as would find an immediate market. This development to include the powers at Muscle Shoals on the Tennessee and others in the Appalachians, the Rocky Mountains, and the Pacific Coast Ranges. We recommend careful consideration of the plan for the superpower for the region between Boston and Washington developed by W. S. Murray and others.

3. *Inland waterways (canals, rivers, harbors).*—Development of the Mississippi River and its tributaries for domestic supply, navigation, irrigation, water power. Development of inland and coastwise canal systems along the Atlantic and Gulf coasts, thus affording cheap transportation of bulky freight and giving protected

passage to our coastwise shipping. Further development of rivers and harbors of this country in accordance with the foregoing and with the report of the Chief of Engineers.

4. *Public highways (roads).*—The principle of the public roads bill enacted by Congress several years ago, and now reenacted by the recent Congress appropriating $75,000,000 and calling for a like expenditure by the States is sound.

5. *Forestry.*—Development in the national forests of roads, trails telephone lines, fire towers, and other permanent equipment for preventing and putting out devastating forest fires in accord with the principles laid down by the United States Forestry Service. There are more than 150,000,000 acres of national forests.

Reclamation of more than 80,000,000 acres of man-made desert once rich, forested land. Forest devastation is adding to this desert yearly some 3,000,000 acres—an area as large as the State of Connecticut.

6. *Housing.*—The American Federation of Labor went on record in 1919 as demanding the use of the credit of the Federal Government for housing purposes. This can be done through a Federal home loan bank similar to the Federal Farm Loan Bank.

7. *Railroads.*—In providing for the payment of sums due to railroads by the Federal Government a condition should be attached that would make such funds immediately available in greater part only for labor and material for maintenance of way and structures and for the maintenance of equipment and that the maintenance of equipment be performed in the shops of the railroads to their capacity thus insuring the constructive expenditure of the money so appropriated.

Unemployment reported by trade-unions in 24 cities

[Per cent of union members unemployed]

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Total all trades:												
1928	18	18	18	16	13	11	12	9	10	9	10	13
1929	15	14	24	12	11	9	9	9	10	11	12	16
1930	20	22	[1] 20									
Total building trades:												
1928	36	39	38	32	25	22	24	19	22	18	21	23
1929	30	33	34	29	26	19	16	18	21	22	23	32
1930	38	43	[1] 42									
Total metal trades:												
1928	18	16	16	12	12	10	13	9	8	8	7	7
1929	8	8	7	6	5	5	6	7	7	7	8	11
1930	15	18	[1] 19									
Total printing trades:												
1928	4	5	5	5	4	4	5	5	5	5	4	3
1929	4	5	5	4	3	3	4	4	3	4	4	4
1930	5	5	[1] 6									

[1] Preliminary.

Mr. GREEN. In order to take up the slack—I do not believe that it will be an absolute cure, because $150,000,000 or $200,000,000 spent in public improvement will not cure the situation absolutely. It will help, and because it will help we favor it.

I think that completes my statement.

The CHAIRMAN. Thank you very much indeed.

Mr. GREEN. Unless you have some questions.

Senator WAGNER. Just this last suggestion on the question of public works: When you add up the municipal, State, and Federal public works per year it mounts up to over $3,000,000,000. That is a pretty large sum.

Mr. GREEN. You have in mind that this plan of the Federal Government should be supplemented by action on the part of the States and municipalities?

Senator WAGNER. My view is that it is inevitable that if the Federal Government set an example, shows the efficacy of it, that the States and municipalities will follow.

Mr. GREEN. Yes.

Senator WAGNER. One or two of them are ahead of the Federal Government on that.

Mr. GREEN. Yes. The probabilities are they will follow, and that influence will be very helpful, and they would probably save us from this acute situation that comes upon us as it has recently.

The CHAIRMAN. Thank you very much. Miss Hall, if you are ready, the committee will be pleased to hear you.

STATEMENT OF MISS HELEN HALL, DIRECTOR UNIVERSITY SETTLEMENT HOUSE, 2601 LOMBARD STREET, PHILADELPHIA, PA.; CHAIRMAN UNEMPLOYMENT COMMITTEE, NATIONAL FEDERATION OF SETTLEMENTS

The CHAIRMAN. Please state your name, your residence, and occupation.

Miss HALL. My name is Helen Hall, director, University Settlement House, 2601 Lombard Street, Philadelphia.

The CHAIRMAN. Do you reside in Philadelphia?

Miss HALL. Yes; I reside in Philadelphia.

The CHAIRMAN. How long have you been engaged in that particular line of work?

Miss HALL. Five years. I am appearing to-day, Mr. Chairman, as the chairman of the National Federation of Settlements' Committee on Unemployment.

The CHAIRMAN. We should be very glad to hear any views you have to suggest regarding the bills or related subjects before us.

Miss HALL. What I have to report to-day is really an illustration of what President Green said. It is the social side of the story, the story of the people, and what actually happens to the people about whom he has spoken.

Last winter the National Federation of Settlements made a study of the effects of unemployment on neighborhood life. This report was not in any way statistical nor was it made with the idea of pointing out the remedies for unemployment. It was an attempt to show the effects of unemployment on families and individuals as we saw it close at hand. Only the employable were considered, those people who were able and willing to work. One thing which the study showed clearly, however, was that the effect of continued unemployment on normal people was to undermine their efficiency as workers, often forcing them into the ranks of the unemployable. The thing which should give the country concern is not only that present unemployment is hurting these workers and their families but that it is injuring their future capacities.

Settlements are in a favorable position to bear witness to these facts. We not only know families when they are in trouble, but we live beside them in good fortune and bad, and can make comparison between their normal standards and what unemployment does to them.

The study was not of families where sickness, strikes, bad habits or other personal causes of unemployment were concerned; but only where the bread-winner was thrown out of work through some change in industry over which he had no control. All the people studied have good work records and the majority have been a long time with one firm.

One hears so often that people want to work and do not seek work, and this is to illustrate to those who are not very familiar with the subject of unemployment that that is not so.

We wish to stress particularly that the study was made during a prosperous year, the winter of 1928–29 and so must represent what happens every year to some part of our population. How large a part the United States as yet has no way of measuring.

A survey this January of unemployment in the automobile industry was written particularly for the Survey Graphic and has been added to the study, but with that exception it is the record of last winter's good business, not of this winter's emergency.

Another point I wish to emphasize is that these histories have come from all over the United States, from Boston to San Francisco, New Orleans to Chicago—altogether 30 cities in 21 States are represented.

While the Settlement Study does not attempt in any way to point out cures for unemployment, or to deal primarily with causes, we found that the causes for the unemployment of the 300 families studied, fell into 3 major groups.

1. Seasonal slackness.
2. Business depression.
3. Mechanization, that is, technological unemployment.

The effects of unemployment were treated under four headings. The economic results, the effects on health, its psychological results, and its results on the future of the family.

In studying the economic makeshifts which come with the stopping of the income, we found the families following much along the same lines. First cash savings are used up, insurance policies lapse, jewelry and clothes are pawned, furniture is sold. Then bills at the grocers and possible moves to poorer neighborhoods and what means most in discouragement to the family, the loss of a house partly paid for.

The last report of the Community Fund News of Detroit, published in March, says:

> Pride wholly justifiable of course, has kept many families from applying for relief until every other resource has been exhausted. Among the 15,000 families now being provided with the necessities of life by the Department of Public Welfare, are hundreds who withheld their applications until they had lost their equities in homes they were buying on contract.

That is, of course, in Detroit.

All along this line of march the mother is generally working or looking for work, and the family living on a semistarvation diet. We didn't know that one of the fathers in our neighborhood was out of work until we wondered why his small son's legs grew thin. The man was a roofer and for four months his family of nine had lived on the $7 which 15-year-old Joe, had made as errand boy in a drug store. This had been supplemented by $3.80 for a day's work when Mr. Raymond shoveled snow for the city, and $10 which he had earned for roofing the house of a man in his old firm.

He's always walking or looking—

Says his wife—

> The places are so far apart that his feet get sore. He's been everywhere the day shifts and the night shifts. He had to put cotton in the heels of his shoes. Sometimes he don't know where he's walking. He's been back so often that they hold up their hands when they see him coming. Sometimes he gets awful cranky, but when he's working he's contented-like; comes home, has his supper, and takes the kids for a walk over the bridge, and then back and he's to bed and asleep. When he's earning I can just manage, but when he's out things go back. First I stop on the damp wash, then on the food, then the rent goes behind. We hated to have Joe go to work because his father wanted him to get a good trade, but not with the sheet metal business because their work's unsteady.
>
> I've got a brother in sheet metal work and he's been out of work since Christmas, just little odd jobs here and there. You just can't manage with odd jobs and a family. You've got to have that pay envelope every week, or the children don't eat.

Another baby of 3 cried constantly in our nursery school, and when we had the doctor examine him, we found that he was slowly starving. His father was a truck driver working for a cement company which only operated in the summer months. The family had never had help until last year.

One thing which is noticeable in these stories is the increasing length of time that men in seasonal occupations are out of work. Many of the families had for years been able to tide themselves over seasonal slackness, but as these slack periods have increased in length more and more of them have found it impossible to save enough during working times to last during the months of idleness. This man had in other years been able to get something to supplement his summer work but last winter he and his sister and brother-in-law, living in the same house, were all unable to find work. Four adults and six children existed most of the winter on the earnings of the mother, who made $13 a week cleaning offices.

The effect of the wage earning burden combined with the worry and undernourishment which are bound to accompany it, have devastating results on the mother's physical strength and nervous energy.

One woman worked in the day time cleaning offices and cleaned other offices again at night. When we asked the chidren when she slept, they said, "Oh, she puts her head down on the table after supper and sleeps until she goes out again at 10."

Mrs. Popowki in Chicago, when her husband was idle, worked all summer on farms outside the city. She left at 4 in the morning and returned at 7 o'clock at night. While she was gone, her 10-year-old daughter took charge of four other children.

Mrs. Kurfee in Louisville, Ky., had to break up her home when her husband lost his job and she took her four daughters to live in one room and found a job as a mangle worker in a laundry. On Saturday afternoon the visitor who talked with Mrs. Kurfee, found her seated on the side of the bed with her head in her hands. Though she had been home a half an hour she had not removed her coat. She had been working five days a week from 7 in the morning until 6 in the evening, and a half a day on Saturday. This particular afternoon she had been too tired to take off her wraps. Several times while she talked to the visitor she almost dozed. Mrs. Kurfee earned $10 a week, with no pay for overtime, but a dock of a half day's pay for being a minute late.

Mrs. Walther in New York, eager to help her husband, went on 12-hour night duty at a hospital, keeping up their home during the day, but she paid for it with a nervous breakdown and a month in the hospital. Fortunately she was young and had only one little son, so she recovered her health, and a repetition of the situation has not occurred, as her husband now holds a steady job.

Mrs. Sapilli, who also lives in New York, whose husband was an unemployed chef, in order to go to the dentist pawned her little daughter's first communion ring for $15. Learning that it would cost $60 to have her teeth treated, Mrs. Sapilli in desperation had them all pulled out at a cost of only $10.

Two little girls arrived in the settlement office, the oldest one of 6 pulling her little sister of 3 along by the hand. They came to see our doctor because the baby had cut her finger badly with the bread knife, while cutting some bread for her lunch. The sister, 6, was most apologetic and explained that it had happened while she herself was upstairs cleaning the house for her mother before she came home from work. "Course," she said, "I know I should of watched her."

It is in the field of psychology that we find the greatest divergence in the consequences of unemployment. It is here that the human equation shows itself most variable. And it is here that one sees most clearly the effects which are irremediable. Those human consequences which remain even after a job has been found and economic security reestablished. Some of the more startling and dramatic consequences fall into this category, stories of suicides, insanity, desertion. Beside these, there is the long tale of the effects of failure and strain on individuals and on family relationships. It is only the the most sturdy of our families who have come through with only their economic situation impaired. It is here that your employable man of to-day becomes the unemployable of to-morrow.

A hand shoe laster in Boston last winter, tried to commit suicide when he came home with only $3 in his week's pay envelope. For 12 years he had worked with one firm, earning between $20 and $40 a week. Gradually this decreased as machines did much of the hand work. And $3 was a climax after months of discouragement.

That is, of course, an example of technological unemployment.

One of our nearest neighbors in Philadelphia two years ago was a friendly bustling man of 30. He had worked for the Victor Co. for 10 years without missing one day until he was dismissed. His record caused him great pride. After his lay off he was unable to find steady work, so took an odd painting jobs, which unfortunately were few and far between. Gradually his whole disposition changed. He began to complain constantly of headaches and of feeling ill. His feelings were always hurt and he became irritable with his children in whose upbringing he had taken unusual pride and interest. Finally we were able to persuade him to have a thorough examination at the hospital. The hospital reported that there was nothing physically wrong, but that he must have steady work and no worry because he was in danger of a mental breakdown. If he does break, it will mean that a wife and six children under 13 will need support.

A young man of 28 in Chicago is still in a sanitarium where he was taken after four months' unemployment. He had worked for years as a driver of a newspaper wagon. He loved his work and liked to feel that he was a part of the big paper which he helped deliver to the people. His firm and another newspaper combined and without a day's notification, he was dismissed. He hunted day after day for a job. As the days went on and he returned without work, he grew silent and depressed. Finally he refused to eat, saying, "It costs money to buy food and I'm not earning money." Where he is being treated, they hope some time that he may be able to earn again.

The story of Susie Lock in Detroit shows the strain which is placed on family relationships. Susie is friendly and young and has two little children. She had had to apply to the Department of Public Relief for help because her husband had deserted her. She explained to me how it had happened. One day she had waited for her husband to come home and he was so much later than usual that she felt sure he had a job. When he came in without one, she burst out, "You must be lazy or you would have gotten a job." He answered, "All right if you feel that way about it, I'll go to Chicago and look for a job." To continue in her words, "Then he goes right out. You see he knows a guy that's got a Ford and him and three other guys have gone off in it. But it's an open car and that was Tuesday and I ain't heard and I wish I'd never said it."

In considering to-day's unemployment, it is not often thought of in its relation to the next generation. But it sometimes seems in knowing the families of the unemployed that they feel a deeper resentment against their inability to make plans for the future than they do against their immediate suffering.

I remember one mother whom I saw in Columbus, Ga., whose husband was in charge of a section of "news butchers." He had worked for 18 years with one firm and for 7 with the next. He was laid off because when busses were introduced in that section of the country, they didn't need as many news butchers on the trains. He had earned good wages but after two years of being unable to find a position their savings were gone and during that time they had had to take their three oldest children out of school. Although they had gone without food and sold their furniture and moved into a miserable neighborhood, taking the children out of school was the greatest blow to them, nothing could make up to them for that. They had wanted with a real passion to give their children more chances than they had had and their whole lives had been planned around that desire. Mrs. Carter herself is gentle and speaks without bitterness, but with a sense of bafflement. She said [reading]:

> This sure has ruined our plans and hopes; for our heart's desire was to give the children a better chance than we got. Our children haven't given us a minute's worry for badness.
>
> But our ambition was to put them all through high school and then let them work for any more schooling if they wanted it. Yes, they do look pretty healthy, and it's wonderful that they do. I was great on fixing little things for them to eat, and they complained right smart when I first couldn't do it, but we talked to them and explained all the circumstances, and now they realize. We have sent the oldest boy, 17, out to my brother's own oil lands in Texas. He was call boy at the railroad here, but he was the youngest, so when they started to cut down, his time was cut till he was only working a week or 10 days a month. He started working at the railroad when he was 15 when my husband first lost his job. My brother was sure he could get him work in Texas, but he hasn't so far. He says, though, he is sure things will open up in the spring.
>
> My Susie went to work over in the Five and Ten the beginning of this winter, when she was 14, and she worked up till Christmas, when she got laid off. They are trying her out in the telephone company now. This little girl was so anxious to finish high school that she liked to have cried her eyes out when she had to stop, and I guess it hurt me more than her.
>
> Simmons is our next one, and he's 13, and was in seven A. We had to take him out of school, too. He's working down at the drug store, and he don't look as good as the rest, because the hours is pretty long. Every other day he goes at 8 in the morning and works till 7 at night. Maybe we will be fixed so we can give it to the little ones, but you know how it is with a mother, she don't want none of them slighted.

Another factor brought out by our study with great force was the helplessness of people in finding jobs for themselves. In most cities

there is almost no means except that of "making the rounds." This entails a terrific waste of strength and energy, clothes, and car fare. One woman said that she had put pasteboard soles for weeks in her husband's shoes each morning when he started out to look for work.

In the article written particularly of Detroit I wrote of Thomas Karekin, who years ago stood in line all night for seven weeks outside the factory gates at the Ford plant, and of his son, who this year froze his legs standing in the same line. And also in Detroit, of Lucy Lawler, whose pay for one week was 28 cents and whose car fare was 60 cents. And of Frank Rogers, who had a work record of 12 years at the Kelsey Wheel and who said he knew it was discouraging for a firm to see men hanging around, but that he didn't know anything to do but to go back every Monday morning to Kelsey's even though all they say is "Keep in touch with us."

A skilled wood finisher in New York, who had had only three jobs in 19 years, was laid off from the Aeolian Hall Co., where he had worked for 6 years. He took a list of the names of every piano or furniture factory in the city, and the settlement gave him more than 30 letters of introduction. With these he tramped the city every day for three months before he found a temporary position. When this temporary work was over he was ashamed to go back to the settlement to ask for more help.

A father and son in New Orleans go out each morning with their working clothes under their arms, so in case they find a job a moment won't be lost in getting to work. Two years ago they were earning between $40 and $50 a week between them. Then their firm laid off half its men. This concern still gives them odd days work when they can, but after two years looking they still have not secured steady work.

During this time they have moved into poorer quarters and sold all the furniture but the necessary beds. At one time last winter the two littlest boys went to the market, where they picked up scraps of meat and cast off vegetables for the family's food.

Reynolds, a skilled carpenter in New York, says that his experience with the oversupply of labor at employment exchanges together with the exorbitant fees charged by private agencies, has led him to think that the want columns of the daily newspapers are the best medium. But this involves the added expense of a telephone if a man is to compete with the dozens of applicants who include a phone number in their address. For, he says, "Nobody will bother to write and wait 24 hours for a carpenter when he can have one in five minutes." Even the want ads seldom bring results though. Last winter his ad was inserted in the Help Wanted column by mistake and 45 men applied for the job. The rates for advertising in the Situation Wanted columns of the New York newspaper used by Mr. Reynolds has gone up in the last two or three years from 30 cents to 80 cents an insertion and 90 cents on Sunday when the chance of a response is best. For eighteen years the Reynoldses had paid their rent on time but last winter though they had spent nothing on clothes and recreation for months and the mother was working they hadn't even money enough for food.

"Gee, I wisht I was dead," is the way Jerry, aged 18, concluded a recital of his fruitless efforts to get a job.

Jerry is a likable boy. From the time he entered the Settlement Kindergarten all girth, grin and grime, everyone has liked him. That

is why when his home was broken up a neighbor squeezed him into a 3-room house where already he had seven children of his own. When he told his tale he had been out of work four months and dependent on his foster father for food and clothing during that time. "I look for work all over," he continued. "I got a regular route, I start out every morning at six o'clock. First I go over to Jersey to the soup factory, a furniture factory and a printing place. Then I cross the river again and go up Delaware Avenue as far as Girard and stop at all the factories and printing places. Then I try the fruit and produce places along the dock. Next I go up Race Street as far as 9th and down Arch Street on both sides to 6th. On my way back I stop at the Curtis Publishing Co. The other day I answered an ad. There were 40 applying. The man looked us over, picked out one and said "I'll take you and pay you $15 a week."

Another fellow in the crowd called out, "I'd work for $10." Then the man said, "All right I'll take you for $10." and didn't hire the other fellow. I don't know what I'm going to do now. My foster father said a lot of things about my not working last night so I went out of the house and walked the streets all night. I'm not going back. I'm not going anywhere till I can pay my board."

Beside the total loss in earnings while the man searches for work, his dislocation often leads to a lowered wage standard. A young man in Boston who had worked as a printer for five years at $35 a week, was replaced by a machine and now after months of searching, he is a checker in a garage at $16.50 a week.

Raphael, a skilled painter, lost his job at $40 a week when a spray system was introduced in the automobile factory where he had worked for five years. Last winter he was only getting an occasional day's work at $3 or $4 per day.

We hope to develop self-respect in our people. We like to feel that independence is the heritage of our race and that some of the spirit of the Declaration of Independence is born again in each American. Bearing this in mind, we should not underestimate the harm done to the morale of a family when driven to ask for outside help. When this happens they have lost something which is very dear to all of us. As a young Italian woman in Philadelphia puts it, "It takes you out of society to receive help. It gives people a down feeling about you."

A young man in Pittsburgh, a salesman in a department store, who looked for work until his savings were used up and his young wife and children practically starving before he was willing to ask for help, said that he "was young, able to work, and ashamed to receive relief from any agency." Yet 15,000 families in Detroit this winter were driven to ask for public charity.

When one has so much to tell and has an audience such as this, the temptation to go on indefinitely is very great, but I realize that after a while even the most poignant tale loses its significance. But before I close this brief summary of our report, I want to read you an essay written by a 13-year old Polish boy on What Unemployment Has Meant in Our Family. It shows more clearly than I ever could, the sense of responsibility that rests on the children of the unemployed and through this child's eyes, you glimpse for a moment the problem of partial employment.

Miss HALL (reading):

WHAT UNEMPLOYMENT HAS MEANT TO MY FAMILY

The happy days I had spent in my home, Clinton, Mass., were real good days until one sad day the factory or mill in which my father had worked gave a notice that their factory would only operate three days a week. My father came home that day planning of what to do, because of the notice given him and the employees of the factory. As the days passed one after another my father was still at his plan thinking of where he could get a better position to support our family. My father thought that the two days a week would soon be over. But still the two or three days a week of employment went on. Our, or my, fathers and mothers money was pretty near spent. So my father was forced to think and act quick in order to prevent hunger and to keep our home. My little sister and I tried to help my father in a way which we thought best. My little sister thought of helping the lady next door by taking care of the lady's baby while the lady went shopping. Thus she earned 50 cents. I tried to help my father by having a paper route after school hours. Thus I received my salary of one dollar and fifty cents per week. My little sister and I gave our salary to my father, in order to help him and keep our home that we loved since we were very young. But now the factory only operated two days a week and our salary of two dollars a week wouldn't help my father any in buying our clothing and food. When my father thought that the worst was to come he decided to go to another town and city in order to find a position that would help to support and keep our home.

Now my little sister and I were forced to eat coffee and bread with lard in place of the creamery butter for our breakfast. My father made out a plan to seek employment in another city. I helped him by packing his suitcase. Before he left our home he said a prayer to the Lord. Because he knew that if he asked the Lord for help the Lord might help him. But unhappiness befell him because the city that he went to in search of work was on strike. Again he came home unhappy because of what befell him. Now my father was worried because he didn't know what to do, or how he could support our family.

He didn't have no employment now because he had given up his last position when he went away to another city for a position. That night he thought very hard and tried to decide if he should accept his last position again or should he go to another city again seeking employment. My mother helped him to decide that question by asking him to accept his last position, and work until he could earn a little money, enough to support us and save some in case of moving out of the city. My father knew that he could not earn money the way my mother had thought. But just to please my mother he accepted his old position. Three weeks had passed, still the three days a week of employment was on. My father had another plan. But just as he was going to work his plan the overseers of the mill in which my father was employed gave a notice that the factory would operate a full week except Sundays. That night my father was very happy to think that he wouldn't be forced to give up the home he and we loved. Now our worried heads refreshed because we knew we could support ourselves.

The CHAIRMAN. Do you know anything about the situation in relation to unemployment in Philadelphia at the present time?

Miss HALL. There have been a great many different statements, Mr. Chairman, in regard to the number of people out of employment. Last spring the estimate was 97,000 people unemployed. The Department of Industrial Research made that estimate, and on the basis that applied there were 150,000 this year. The mayor has just had an estimate made by the police in which by which he estimated 52,000. I think the situation in Philadelphia is a good example of how difficult it is to get precise information on the subject of unemployment.

The CHAIRMAN. From your intimate touch with the situation, would you say it was better or worse than a year ago?

Miss HALL. I should say it was worse. There is no question in my mind, living in a neighborhood where workers are our neighbors all around hunting for jobs, I would say it is very much worse.

The CHAIRMAN. Will you please be heard next, Mrs. Merrell? Would you please state your name, residence, and occupation?

STATEMENT OF MRS. CHARLES MARQUIS MERRELL, 401 ESSEX AVENUE, PHILADELPHIA, PA.

Mrs. MERRELL. My name is Mrs. Charles Marquis Merrell, and I am from Philadelphia. I am here under my pen name "Clinch Calkins," because of the books I am writing for the Settlement which are required to be written under that name.

I should like first to say I did not assist in the investigation, and therefore I stand in relation to the findings very much as any layman. I did not see the investigation nor any questionnaires until last Christmas, and since that time I have been working upon stories. I thought that inasmuch as you had at your disposal all sorts of statistical matter that I would ask for the privilege of reading 3 or 4 or 5 of the stories as they are to appear in the books. These are somewhat in detail, because of the New York background for the families before they were unemployed.

First, I should like to say about the technological unemployment that Mr. Green was talking about when he said we had no way of finding out what had happened to the people who had been displaced; in one of the stories this came out: A man named Cassati, of Boston, had been an expert furrier, and he was displaced after a number of intermediate jobs; he found himself a member of the street-cleaning force of Boston. There were 20 of them, and he and 19 fellow street cleaners used to eat lunch together, and one day it was discovered that 16 of these men had been displaced.

I have another story of Deroney, of New Jersey. Deroney was a man who would have met every requirement anybody had placed upon him. He had taken a small amount of land outside of Philadelphia, 2 acres, upon which he raised truck, and he had enough food to sustain his family. He had four sons out of a family of five, and I think should be considered an economical miracle, and he himself had tried three different trades. He learned shoemaking and that slipped from under him. Then he took up the cutting of cut glass, and that slipped from under him. Then he took up the clothing industry, and there was a great depression, and that slipped away from him.

Meantime, all his children outside the city, in order to meet the unemployment which confronted them, tried to move into the town. He had given all of his children an education. He felt his unpreparedness to meet the problems satisfactorily. He had learned three trades. He decided he would educate his children above that. He gave one boy two years in pharmacy and one of the boys two years in accountancy; he gave the third and fourth children the opportunity of going through high school, and one of them became a musician. All of these children, except the girl, are out of employment, and have been out of employment three or four years. And this boy, who was a violinist, supported the family until he had a nervous breakdown. It has been hard to find what the fault in that situation was, and there had been no attempt to meet it.

But let us take the Handels, of Pittsburgh. Mr. Handel has been most moderate in paternity and deserves no sociological scoring on that point. He is 34 and he has a son of 5. The Handels, of German-American descent, were born and raised in Pittsburgh. You can use

here no other word than "raised" to describe the nice mixture of accident and calculation which gives shape to lower middle class American life. He attended German Catholic school until he was 15, and then went to work. For a year or so he did odd jobs—learned about carpentry from his father who was a carpenter; worked as a helper in a fish store. Then he went to Akron to stay with a married sister, was apprenticed as a machinist, and later transferred to the shops of the Goodrich Rubber Co. where he was a calenderer. Here he made good money, and the Handels, for he was now married, tucked away from $35 to $50 a month in a thrifty Pennsylvania manner. The air was full of pigeons.

During a long lay off family circumstances forced Handel to move back to Pittsburgh. With the return to Pittsburgh there began a period of irregular employment or complete lack of it, which lasted 18 months. He had known ahead of time that his regular trade would yield him nothing, for there are no rubber plants in Pittsburgh. But despite the fact that he was dependable and intelligent, with an excellent and long work record behind him, he could find no employment elsewhere lasting more than two weeks at a time.

He becomes judicial at the thought of getting out once more to try to better himself by the higher pay which his experience has taught him he is capable of earning. They still live in the Hollow, the worst mudhole in Pittsburgh. When he has cleared away his debts, which he has preferred to owe kinsmen rather than tradesmen, they are going to move to higher ground.

If I stick to this job—

Says Handel—

We'll get along, but we'll never advance after a certain point. How can I face another time like them 18 months with nothing to tie to and debt and starvation always just around the corner?

I figgered with a 13-year work record behind me there'd be no trouble in me gettin' a job in a big city like Pittsburgh. Of course, sometimes I'd get work—good work I thought would last, like that time the Standard Floor Co. hired me. Me and a lot of others got took on at the same time. But would you believe it? In two weeks we was all laid off again, not for anything we done, but because they run out of work. And that's the way it is in this town and the way I had it for a year and a half. And there was hundreds of men just like me—dying to work, willing to do anything—took on as though for a permanent job and then laid off without any warning or any pay. Sometimes it would be for a day or two, like when a cool spell would come and the ice company I was working in turned off 40 men till it got hot again. A lot they cared that those 40 men had to pay rent and eat whether people bought ice or not! If you had a job like that you didn't dare give it up to look for another for you might find it even worse.

Of course, even them jobs was better than nothing. To my dying day I'll never forget the weeks when I couldn't find no work, not even for a day. I remember one night when I'd been out of work a whole month and the rent was four months due. One of my friends told me he heard they was hiring men over to Spang Chalfants, 6 miles away. I didn't even have the price of a car check and I'd borrowed all I had the nerve to, and more, from my relatives. So I got up the next morning before 5 o'clock and walked all the way over there across the river without any breakfast, only to be told at the mill that they hadn't taken on a man in three months. I pretty near jumped off the bridge on my way home that day. If it hadn't been for the wife and kid I guess I would have.

How did we live all that time? Like pigs—only with not so much to eat. Do you know that little lane in the Hollow? You can't drive a car down there for the mud and you're apt to lose your rubbers in half a dozen places. Well, up that lane in back of Monte's house there is a shack, not much better than a shed, with two rooms, nothing else, no heat, no electricity, and no water. For four months we lived there, if you can call it living. An oil lamp and an oil stove

was all we had for light and heat. We used an outside privy toilet and got all our water from a sink in our neighbor's cellar. But it only cost $8 a month. We tried to forget we'd ever known the comforts of civilization. Later we moved into a $20 house and had four rooms and one faucet but no cellar. We was there through the winter and spring. It was there Paul got pneumonia. I suppose because we couldn't give him milk and the right food. He got a bad cough and one specialty wet bad spell it went right into pneumonia. I pretty near went crazy to see him lying there so still and hot and me with no money to get a doctor.

It was then Handel heard of the public-health nurses and through them procured his present job as settlement janitor.

Then I would like to read you about the Warners, of New York. There are eight of them, and they live in three rooms on the top floor of an old tenement on the lower West Side. They sleep, under their garments and some thin cotton blankets, on two double beds and a couch. The children, who possess but a few scattered pieces of underclothing, wear worn-out sweaters for undershirts. Mrs. Warner, genuinely concerned for her children's health, conscientiously takes them to clinics, following as best she can the instructions given her there. The results as chronicled before me would not seem to have repaid her efforts: Jaundice, indigestion, undersize, swollen glands, constant colds, cardiac trouble, and chronic appendicitis are the lot of one or more of her family.

Mr. Warner was at first a checker, but he took advantage of a period of enforced idleness during a strike to learn the steam-fitting trade, in which a good wage (a helper receives $8 per day), sufficient, if it were steady, to support the family, is offset by long periods of seasonal unemployment. When his story was reported, he had been out of work for eight months, having resumed work only that day on a two weeks' job with nothing in view beyond. Mrs. Warner's brother gives them their rent money, and to meet their food bills they have earned about $11 a week making lamp shades. This necessitates steady work by every member of the family except Elsa, even 6-year-old Vincent having learned to make the smallest shades, which bring 75 cents a dozen.

I would like to point out he had done it rather than accept charity, and apparently with the idea the stronger the family the more reluctant it is to accept charity, and at the same time just as soon as they had made that stand they immediately bring the difficulties of physical depression upon their children and make it weakened for the next generation.

Senator WAGNER. Is it your experience that families accept charity as the very last resort?

Mrs. MERRELL. Absolutely. I think that probably the psychology of it is that they will sacrifice small articles which do not pertain to security. They will give up their wedding rings and communion rings, will sell furniture or it will go back to the installment house, and a great deal of that is lost. They have to cut down their food bills and go without recreation, and have not had sufficient clothing.

I had a teacher in New York City tell me children came to school with dresses which finally came apart and then they stayed at home for lack of clothing, no underwear and no shoes. Then as a next resort the mother goes to work, and a woman will work at cleaning office for as little as 8 cents a room, night after night from 6 to 12, and then come home and take care of a large family, and sometimes take in

boarders or take in washing. Then finally they give up the home as a last possible resort if they have been renters, and if property holders they lose their property.

I do not know the exact figures, but the estimates in Philadelphia are that the number of sheriff's sales this last winter has been over 1,200 a month. Now, that, of course, this winter alone has not been sufficient to reduce them to add up such a total, because for the last several years they have been in arrears, in fact.

Insurance, I think, is the most prized idol of the poor. They take out insurance just as soon as they are allowed, for each child and hang onto it like grim death, and finally the way they manage is to sell one policy to cover the next. Then finally the woman pawns the wedding ring and they sell the furniture. Then quite a number have been selling intimate thing of that sort.

Then I think a point to be mentioned is that in order to appeal to to the public the catastrophe must be very dramatic. The word "undernourishment" means nothing to the public, whereas a person slowing to death or a man starving to death is immediately and appealingly important. Their teeth have to be neglected, they become thin, weak, and die of pneumonia. One child in the settlement had pneumonia three times in the course of the winter. With that sort of thing constantly recurring, it means the whole generation is going to be subject to rickets, weak and nonresistant.

Senator WAGNER. Coming in on the train the conductor, who was an intelligent man, told me he was visiting the other day in the city of Boston in a section that he knows very well, and he could see reflected in the children the unemployment situation. The children looked pale, their shoes were worn, or they did not have shoes on at all; their generally emaciated condition was very manifest.

Mrs. MERRELL. I was told by social workers, at the head of one of the big organizations in Philadelphia, this winter, that to her knowledge one child in the public school was noticed by the teacher to be thin. Of course they had dietetic clinics, and they wrote out the report "undernourished" and "malnutrition." It was not really after this winter's depression; it was before, because the foundation of all these stories is before this winter's depression. So the school doctor gave the child a tonic to whet her appetite. And another school worker said she knew of a woman who complained when she did have food in the house that her two little children could not eat it, because they had become accustomed to eat less than enough and their stomachs had shrunk.

The CHAIRMAN. If you want to insert any of those stories in the record we would be glad to have you do so.

Mrs. MERRELL. These are stories I had hoped I would have time to read, but I should like to have them in the record.

In this district live the Irish-American Rileys. Mr. Riley is 34 and Mrs. Riley is 32. Mr. Riley owns to what must have occurred to many as the enviable occupation of wrecker. He had no especial training for his job, but he was very ingenious about figuring out new ways to wreck. When he worked he made $28.50 a week. But iconoclastic though it seems, wrecking is a building trade. So there were slack periods for Riley. During these he worked as a dock laborer, but returned loyally to his wrecking profession when the slack season was over. This he did for five years.

But Riley's wrecking firm failed and went out of business about three months ago.

Since then Riley has scoured the town for jobs. He tried to get work on the docks again. Hundreds of men were there before him waiting like predatory birds upon the beach the sighting of a ship. Besides he had let his membership lapse in the Dock Laborers' Union. After three months of knocking about, doing errands, following up advertisements in papers, and hanging around many agencies, he has been able to earn about $50.

Maggie Riley, his wife, comes from a family who were comfortably off in the days when there were more Irish than any other nationality in the district. Her grandmother owned a tenement on Henry Street and made more money running it than any landlord who has owned it since, she states with pride. When Maggie refused to better herself by marrying the man her grandmother selected for her and ran off with Tom Riley instead, the old lady warned her angrily of bad days to come. It was these faint outlines of grandeur drawn upon her past that made Mrs. Riley so susceptible to that romantic social zenith of her life, her employment in the Green Line Cafeteria for $9 a week. When Riley lost his work he had no savings. The combination of four children and a peak income of $28.50 is not conducive either to savings accounts or investment. Since the first admonitory finger which the comfortable raise up in reproach against the suffering of the unemployed is "Why don't they save?" let us inspect the situation for a leak. Just what part of the $28.50 could the Rileys have put away in a sock. A most interesting accompaniment of bad times are the lulling major chords of bankers who rush reassuringly into print with asseverations as to the increase of savings deposits. Runbinow has analyzed them: The Rileys are not there. As near to a bank as Mrs. Riley will ever get will be to scrub that vaulted cathedral at midnight.

However, as I was saying, the Rileys had no savings. So they ran into debt. They fell behind in the payments on their furniture and insurance. For a while Mrs. Riley rather went to pieces and rushed about trying to get help. Then she made some frantic attempts to get a job herself. Novels could be written about this particular period of unemployment—the almost invariable necessitous shift from the man's to the woman's shoulders, because women will work for less pay. She felt she could not take a full-time job because of the children. Finally she got work in a thriving well-run cafeteria down town from 11 to 3. She was paid $9 a week. She had the greatest enthusiasm for her work. She loved the way the "Green Line" was managed. "Everybody working hard every minute but nobody being put upon or yelled at or made to feel like a slave." In a burst of confidence in her ability to earn, she somehow managed to get a loan from the Morris Plan and pay back some money she had borrowed from a neighbor. Then suddenly the "Green Line" cut down on the number of people employed and five or six of the newest comers were dismissed, Mrs. Riley among them. In spite of this blow, she insists that the "Green Line" is a grand place. Since then she has worked at the sandwich counter at the 5-and-10 and at several obscure eating places near the docks. She received less pay and had longer hours, and endured many humiliations. But she had to give up even this when Rosey, aged 8, contracted an illness which seemed directly traceable to "poverty and makeshifts resulting from unemployment."

The present state of affairs in the Riley menage admit of no discussion. Being Irish, the Rileys will hope for a turn of luck. The kind-hearted employer everywhere, and there are many of these, will blink until he, too, can conjure up that comfortable mirage. But as far as the coldly naked eye can see, across the present desert, no caravans are coming for the Rileys.

The CHAIRMAN. I want you, Mr. Reporter, to insert in the record a letter that has come to me from a Mr. Norman Thomas, to the effect that he desires it inserted in the record as presenting the views of himself and of the association with which he is connected, League for Industrial Democracy, and also the Committee on Public Affairs of the Socialist Party.

(The communication referred to is here printed in full as follows:)

VIEWS OF THE LEAGUE FOR INDUSTRIAL DEMOCRACY

LEAGUE FOR INDUSTRIAL DEMOCRACY,
New York City March 21, 1930.

Senator HIRAM JOHNSON,
Washington, D. C.

DEAR SIR: May I inquire how long and on what days your committee expects to conduct its hearing on Senator Wagner's bills for the relief of unemployment. If it is possible I should like to arrange either to appear before you myself in behalf of the Socialist Party or to send someone else.

Since it may not be possible for us to arrange to appear in person I should like to indicate in writing our general position on this subject and the immediate ameliorative remedies we should suggest. I need not take your time to dwell upon the immense and tragic misery of unemployment or its enormous evil consequences upon the individual, the family, and society. Neither need I take time to point out that there are three types of unemployment which must be considered—seasonal, cyclical, and technological. To get rid of any or all of these types of unemployment requires a dregee of coordination and planning in production and distribution for use rather than profit; a mastery of the machine for the common good; an end of the periodic gluts of a wasteful, uncoordinated system under which the workers never receive back what they produce or its equivalent. These desirable results are, I think, incompatible with the supremacy of profit in the present capitalist system.

Nevertheless there are certain immediate measures that can and should be taken. Three of them which the Socialist Party has been demanding for years and notably in the last election, are the subject of Senator Wagner's bills of which we approve in principle. That is to say, we earnestly and emphatically indorse (1) the necessity of maintaining accurate, up-to-date figures on unemployment; (2) the duty of the Federal Government to provide public employment exchanges as an alternative to private exchanges which are inefficient and limited in their contacts even when they are not openly exploiting the needs of unemployed workers; (3) the importance of a far more scientific system than now exists for putting in motion the machinery of public works with the approach of dull times. These three matters are the subject of Senator Wagner's bills.

But these three measures by no means go as far as the Federal Government should go. Unemployment insurance is imperatively necessary. Our general socialist position on social insurance covering old age, sickness, and unemployment has already been put before a congressional committee by my colleague, Dr. Harry W. Laidler, with particular reference to old age assistance.

Unemployment insurance is in no sense a matter of charity but of justice. It is a recognition of the duty of society to provide for workers when for no fault of their own they are not needed. Under a system of chattel slavery every master had to do as much for his slaves. The only "rugged individualism," to quote President Hoover's phrase, in our modern economic order, is the rugged individualism of great masses of umemployed workers who have to shift for themselves as best they may when there is no work. For the financial community the government has provided the Federal reserve system which has been reasonable effective in averting panics. For the business and manufacturing community and, to some extent, for the farmers, Congress is providing a tariff of abominations, the product of pure log rolling which will add millions to the cost of living. For the farmers farm relief machinery has been set up with good intentions if with somewhat dubious results. The well-to-do and the rich have been given a wholly unjustified reduction in income taxes. Nothing has been done for the masses of the unemployed.

Unemployment insurance is not only a matter of plain justice. It will have positive beneficial results besides the relief of the most desperate want. It will powerfully stimulate manufacturers to plan for the elimination of seasonal unemployment. It will do something to reconcile them to the shorter working week necessary for the elimination of technological unemployment. It will, moreover, make it easier for the workers to organize since it will give them a sense of security and deliver them from their dependence upon the welfare schemes of private employers. Unemployment insurance can not be put into effect instantaneously. It could be planned by your committee, and planned on a national scale, because unemployment is a national problem and State lines are meaningless or worse than meaningless in industry.

Further remedies for unemployment would ideally include a national labor code covering hours and night work and the prohibition of child labor. With regard to child labor, at least, Congress has done its duty and the result is up to the States, which should, however, be reminded of the importance of getting rid of the labor of children in order to provide work for adults.

It is, moreover, of the utmost importance that the Federal Government should take the lead by precept and example in establishing the 5-day week. It is a monstrous evil that the underdog should continually pay for progress in machines and the use of machines. Each mechanical improvement should divide toil and increase leisure for the masses of the workers rather than making unemployment for great numbers of them.

It is along these lines that I should like to testify if it is possible for me to attend one of your hearings.

Respectfully yours,

NORMAN THOMAS,
Chairman Committee on Public Affairs of the Socialist Party.

The CHAIRMAN. I want you to insert as well a communication which came to me from the California Joint Immigration Committee, expressing its views and reasons for existing unemployment. These views are presented by V. S. McClatchy, secretary, and Mr. James K. Fisk, chairman, of their committee.

(The communications referred to are here printed in full as follows:)

VIEWS OF THE CALIFORNIA JOINT IMMIGRATION COMMITTEE

CALIFORNIA JOINT IMMIGRATION COMMITTEE,
San Francisco, Calif., March 19, 1930.

Hon. HIRAM W. JOHNSON,
Chairman Senate Commerce Committee,
Washington, D. C.

DEAR MR. CHAIRMAN: It is noted that the Senate Committee on Commerce is investigating at this time the serious condition of unemployment in the United States.

The California Joint Immigration Committee, representing the State organizations of American Legion, Federation of Labor, and Native Sons of the Golden West, takes the liberty of calling to the attention of your committee the connection between unemployment and the present operation of the immigration restriction act under the provisions of which between 250,000 and 300,000 aliens enter the United States each year, while 150,000 or more come in illegally, all looking for employment and many securing it by displacing American labor at higher wage.

The California Joint Immigration Committee called the attention of the House Immigration Committee to the situation in its formal presentation of facts March 5, 1930, as per copy inclosed.

Previously it had presented to the House Immigration Committee a statement as to the large number of deportable aliens added to the population of the United States each year, 150,000 or more, and the necessity for legislation to put a stop to such illegal entry providing for apprehension, punishment, and deportation of violators of the law. The necessary legislation for that purpose and adequate appropriation are now lacking. The letter of January 11, herewith inclosed, with its subsequent memorandum offering verification of the statements, are offered herewith.

These matters are called to the attention of your honorable committee in the belief that various suggested remedies for unemployment can only be partially or temporarily effective while, through permission of the immigration act and partly through failure to enforce its provisions, approximately 450,000 aliens a year are permitted to come into this country and swell the ranks of unemployed.

Respectfully submitted.

California Joint Immigration Committee,
James K. Fisk, *Chairman.*
V. S. McClatchy, *Secretary.*

March 5, 1930.

To the Chairman and Members, House Immigration Committee,
Washington, D. C.

Gentlemen: The California Joint Immigration Committee, representing the California State organizations of the American Legion, Federation of Labor, and Native Sons of the Golden West, respectfully points to the present serious unemployment situation as additional reason for early consideration by your honorable committee of its letter of January 11 and the subsequent memorandum urging the necessity for legislation to secure enforcement of the immigration restriction act, and furnishing data in connection therewith.

Other nations, practically without exception, protect their citizen labor and national living standards from the menace offered by entrance of competitive alien labor by a policy of exclusion rigidly enforced.

The United States, in the face of an unemployment estimated as high as 4,000,000, tolerates the admission every year of 450,000 or more aliens, most of them compelled to accept employment on any terms and conditions offered. American citizens are forced thereby out of employment and a dangerous menace created to the maintenance of high wages and living conditions which are recognized as the foundation of our national prosperity.

No plan suggested, whether it be the adoption of a dole system, or general speeding up of production, or the inauguaration of a 6-hour workday and a 5-day working week, can have more than partial or temporary effect in curing unemployment while this additional flood of unemployed are added annually to our population.

Of the 450,000 referred to, approximately two-thirds enter under provisions of the present law, some under quota from Europe and the remainder from the Western Hemisphere under that provision which permits practically unrestricted entrance of native citizens of States of that hemisphere. One-third or more of the 450,000 enter or stay in violation of the law, and many hundred thousands are permitted to remain until they become immune to deportation, because the law does not provide the necessary machinery and adequate appropriation for apprehension, punishment, and deportation of those violating its provisions.

It has been estimated that from 1921, when the immigration gates were reopened, up to 1928, 2,000,000 deportable aliens obtained residence in this country in addition to about 3,000,000 who came in legally. Of that estimated 2,000,000 only 62,618 were deported. At present the deportations, including those who leave voluntarily without formal order from or expense to the Government, do not exceed 30,000 per year, say one-fifth, or less, of the number which it is estimated are added by illegal entry or illegal stay during the same period.

While economic pressure in other countries is so great and while residence here offers manifest advantages, and while the chance of apprehension after illegal entry is negligible, our many thousand miles of border and coast line can not be so guarded by patrol, in practice, as to prevent illegal entry.

Only the measures suggested (as fully elaborated in the letter of January 11 and its accompanying memorandum), together with the psychological effect induced by the effective enforcement of such laws, can stop the present flood of deportable aliens and help to rid us of those already here who have not gained immunity through a 5-year residence.

Manifestly the problem of unemployment could be much more readily and effectively solved if there were eliminated in the manner suggested the factor of 150,000 added each year to our unemployed by illegal entry or illegal stay.

Further assistance could be had if the unwise provision of the act of 1924 which admits without restriction all native-born citizens of countries of the Western Hemisphere were so modified as to permit the entrance of not to exceed say 60,000 or 70,000 of such elements from the Western Hemisphere as may be most readily assimilated with our population, providing material for good citizenry

and aiding us in maintaining high standards. At present there are coming into the country each year, legally and illegally, apparently not less than 60,000 or 70,000 Mexican Indians, who are ineligible to American citizenship and constitute, according to Prof. S. J. Holmes, of the University of California, the least assimilable and the least intelligent of all the foreign groups that seek or have sought residence in this country.

It is further suggested that even the effort to remedy in part the present situation by further restriction of European quotas or of the right of entry granted to citizens of the Western Hemisphere can only result, in the absence of the proposed legislation for enforcement of the immigration restriction act, in an increased number of surreptitious entrants, naturally of less desirable character than those who come in now under visa and inspection.

If your honorable committee should desire further presentation of the matter, either in hearing or otherwise, this organization will assist to the best of its resources and ability.

Respectfully submitted.

California Joint Immigration Committee.
James K. Fisk, *Chairman.*
V. S. McClatchy, *Secretary.*

Failure of Immigration Restriction

(Annual increase of deportable aliens, 170,000)

California Joint Immigration Committee,
San Francisco, Calif., January 11, 1930.

To the Chairman and Members
House Committee on Immigration and Naturalization,
Washington, D. C.

Gentlemen: The California Joint Immigration Committee respectfully represents to the chairman and members of the House Committee on Immigration and Naturalization of Congress that the present immigration restriction act has not been enforced, is not being enforced, and, without supplemental law and regulation, can not be enforced; that in consequence this country is flooded each year by from 175,000 to 200,000 or more deportable aliens who either enter surreptitiously, or entering as tourists, seamen and students for a fixed period, remain illegally; that the annual deportations, over 50 per cent of which leave on request without expense to the Government, do not exceed 30,000 per year; that those deported are confined largely to individuals discharged from State institutions (jails, hospitals and insane asylums), no effort being made, because of insufficient authority and appropriation, to apprehend or deport other classes; that in consequence of these conditions there are now in this country about 2,000,000 aliens who are here illegally, all of whom came in since 1921, when the immigration gates were reopened; that most of this number are undesirable residents, many unassimilable, and not a few vicious and criminal.

It is true that most of the 2,000,000 are now immune to deportation for illegal entry because of five years' residence; but that very fact furnishes reason why the necessary measures should be adopted at once to prevent such illegal entry in the future and the disastrous results therefrom to our standards and citizenship.

The conditions outlined exist because the immigration act contains no adequate provisions for apprehension, punishment, and deportation of those violating the law; and efforts made in Congress to remedy these defects have been blocked by the opposition of various elements opposed to restriction of immigration, whether special or general.

The incentive to enter the United States and enjoy the opportunities offered here for freedom and acquirement of competency is so great; the chance of capture in crossing an 1,800-mile border line guarded by 747 patrolmen on the south and a line nearly twice as long on the north, is so small; the likelihood of apprehension after illegal entry practically nil; and the absence of any punishment for surreptitious entry, prior to July 1, 1929, so well known; that many of those who could not enter legally came in surreptitiously, and were assisted frequently by the immigration smugglers who profited thereby.

One law only of value in the direction indicated—Public 1018, introduced by Senator Blease—was passed in the last days of the preceding session of Congress

and went into operation on July 1, 1929. It provides for punishment of the illegal entrant, but ignores the smuggler who profits by the original entry. This law is said to be defective and will perhaps be amended, but in any event it must prove of comparatively little value as a remedy for the existing situation in the absence of companion legislation which will provide for apprehension and deportation of violators of the law. In consequence the flow of surreptitious immigration continues.

No efforts are made by the Immigration Bureau (which is under direction of the Labor Department) to apprehend deportable aliens, because there is lack of machinery, personnel, and adequate appropriation for the purpose. Efforts of this nature are necessarily limited to acceptance of such cases as are discharged from State institutions and forced upon the attention of the immigration officials.

In support of the last statement note the declaration of Assistant Secretary of Labor, Robe Carl White, before your honorable committee, January 5, 1928, hearing No. 71.1.1. Also the statement of I. F. Wixon, Chief Supervisor of the Bureau of Immigration, made in the same hearing, to the effect that no attempt is made to his knowledge to seek for aliens unlawfully in the country; that a practically unlimited number of seamen remaining illegally in the country could be picked up in New York City alone; that each investigation shows large numbers of illegal entrants in the mining districts; and that each effort made to round up criminal aliens in Chicago failed for lack of support from the local police department and tipping off of plans. No attempt was made to apprehend criminal aliens in New York.

The Hon. James J. Davis, Secretary of Labor, has urged upon Congress for some years past the necessity for establishing a registration system as a necessary and perhaps indispensable means for securing the apprehension of those who enter the country illegally. There has been pronounced opposition to use of such a plan for various reasons, but this opposition has steadily grown less as the gravity of the situation and the universal use of the registration system as a defensive measure elsewhere became known. The American Federation of Labor, in the past one of the most outspoken opponents of registration, declared positively at its recent national convention in Ontario in favor of compulsory registration for all aliens entering in the future, and also for voluntary registration of aliens already here who had entered legally.

It would be useless too to apprehend a greater number of deportable aliens under existing conditions, since Congress does not provide machinery or sufficient appropriation to send them out of the country. The total appropriation for deportation this year is $1,125,000. In 1928 the appropriation of $925,000 secured deportation through formal proceedings of 11,625 aliens, the return passage of most being paid by the Government, and of some by the steamship lines. A large number of deportable aliens were induced to leave without formal action and at their own expense, the total number leaving being about 26,000. In that same period perhaps as many as 200,000 deportable aliens were added to our population? Assistant Secretary of Labor, Robe Carl White, in the hearing above referred to, said that an annual appropriation of $10,000,000 for deportation could be used economically and efficiently, but it would require a much larger organization. Manifestly his estimate of the number of deportable aliens who should be expelled each year coincides closely with that herein offered.

Dr. Harry H. Laughlin, of the Eugenics Record Office of the Carnegie Institution of Washington, stated before your honorable committee, in 1928 (hearing No. 70 1.4) that, while the cost to the Federal Government of the Immigration Service per year is less than $2,000,000, "the several States are spending approximately $27,000,000 for maintenance (in jails, hospitals, and asylums) of alien inadequates whom our immigration service has let into the country and whom our deportation service does not remove."

It is further suggested to your honorable committee that any proposed plan to decrease the number of immigrants through restriction on exclusion, whether directed against certain elements or calling for decrease of the total quota, will have little or no effect under existing conditions in decreasing the actual number of those entering the country for residence. Restrictive measures of the character referred to would cut down the number of entrants through the immigration gates, but would similarly increase the number of surreptitious entrants, and the character of the latter undoubtedly would be less desirable generally than that of those who are subject to consular inspection and visa under quota.

For this reason it would appear that restrictive measures of the character referred to would have little real value unless reinforced by legislation for the apprehension, punishment and deportation of those violating the law, as urged herein.

Respectfully submitted.

California Joint Immigration Committee,
James K. Fisk, *Chairman.*
V. S. McClatchy, *Secretary.*

DEPORTABLE ALIENS

(California Joint Immigration Committee representing California Department American Legion, State Federation of Labor, Native Sons of the Golden West. Data from official and other sources as to the annual crop, its size and character; 170,000 added to our population each year)

In confirmation of the statement made by the California Joint Immigration Committee in its letter of January 11, 1930, to the House Immigration Committee of Congress, as to the number and character of deportable aliens added annually to the country's population, the following data are offered:

The estimate of 200,000 per year includes not only those who enter illegally but also those who, entering under the law as tourists, students, and seamen, for a temporary sojourn, remain permanently. The number of aliens who come in as tourists for a 6-months stay and remain indefinitely is large. Record is kept of those entering, but there is no registration or check as to those who remain, so that the actual number may not be known. More information can be had as to the number of alien seamen who swell the list of deportable aliens. The number of deserting seamen landing in American ports for three years, 1923, 1924, and 1925, was 77,917, of which number 25,013 came in in the year 1924. In addition to the seamen who thus deserted their ships, many thousands left at American ports at the end of the voyage for which they had signed, the United States law permitting a 60-day stay on shore before shipping again foreign. Most of these seamen come with the intent of remaining permanently and do remain permanently; and certain ships make it a practice to take on aliens in foreign ports, signing them as seamen, to be discharged in American ports and charging them $50 or $100 apiece for the privilege. The number of deserting foreign seamen during the two years 1928, 1929, was 23,671, to which may be added 2,456 stowaways. Under the law the "seamen" who are permitted to land and stay for 60 days include coal passers, cooks, waiters, and laborers.

As to the number whose original entrance into the United States is illegal, the following data are offered:

"According to the estimates of the Department of Labor, more than 200,000 aliens are coming in every year unlawfully."—Representative Rankin, in the United States Daily, June 29, 1929.

Remsen Crawford, in an article in the Saturday Evening Post, October 9, 1927, stated that aliens are entering surreptitiously at the rate of 175,000 a year, despite the vigilance of the border patrol. The number, he said, is not drawn from guesswork, but from careful investigation at the border by representatives of the New York World and the Christian Science Monitor.

In a series of articles written by Norman Klein, and published in February, 1929, in the New York Evening Post and a number of other prominent newspapers, as a result of inquiry among active immigration officers, immigrants, and smugglers of immigrants, the estimated annual illegal immigration is placed at 200,000 per year. These articles received public commendation from the chairman of the House Immigration Committee, Albert Johnson; from Speaker Longworth, from Senator Capper, and others in interviews in the New York Evening Post, February 25, 1929.

Robe Carl White, Assistant Secretary of Labor, declared before the House Immigration Committee, January 5, 1929 (hearing No. 70.1.1), that there was alarming increase of deportable aliens in the country and that the department could use an annual appropriation of $10,000,000 for deportation with the necessary additional personnel for apprehension, and that the funds could be used economically and effectively.

In 1928, with an appropriation of $925,000 for deportation, 11,265 aliens were formally deported, while about 20,000 more were induced to leave without order and without expense to the Government. Evidently, therefore, the

Assistant Secretary estimated that $10,000,000 would provide for formal deportation of say 125,000 individuals, while with the additional personnel suggested there could be apprehended many thousands more who would be glad to leave on request and without formal proceedings or expense to this Government. His estimate, therefore, of the number of annual deportations necessary to maintain a balance with the steady increase of deportable aliens, was clearly not less than 150,000, and may have been greatly in excess thereof.

The Commissioner of Immigration reports that in 1928 the number of smuggled aliens caught at the border was 18,000; in 1929, with improved methods and machinery, it was 29,568. Nevertheless, even in 1929, it was not claimed that more than one in five of those who entered surreptitiously was apprehended; and if so the number gaining illegal entry was not less than 150,000.

These deportable aliens are refused entrance at our front gate as undesirable for permanent residence. They prove their undesirability by sneaking in through holes in the back fence. That many of them are vicious and criminal is demonstrated by their records among the bootleggers, gangsters and racketeers of the large cities.

Robe Carl White, Assistant Secretary of Labor, in the National Republic, May, 1929, in an article on "Our Immigration Service," states that the latest figures from consuls abroad indicate that 2,000,000 aliens are on the waiting lists to come to the United States; that those who can not come under quota are going to contiguous countries, Canada, Mexico, and Cuba, with the intent to enter the United States; that it is useless to close the front door when the back door (the border) remains open; that "among many thousands illegally in this country there are thousands of undesirable aliens, those who are criminally minded and physically and morally unfit; that it is physically impossible to locate them lost in the great centers of population;" and that a system of registration ought to be inaugurated but that alien groups in this country are almost a unit against enactment of such a law.

The amount of graft involved in smuggling aliens into the country is placed in the Klein articles at between $5,000,000 and $10,000,000, and this estimate has apparent corroboration from other sources.

According to the official report, during 1928, 330 smugglers of aliens were apprehended. In 1929 the number was nearly 300. It is improbable that men engage in an enterprise of such character unless they make at least $150 per month, and this for 330 men would amount to $600,000 per year. Their principals who direct operations, furnish capital and conveyances, would certainly not be satisfied with less than two-thirds as much, $400,000. There is thus a minimum graft of $1,000,000 per year for operation of one group of 330 men. If it is claimed that even one in five of the active immigrant smugglers was apprehended in that year, there is already verification for a minimum graft of $5,000,000.

Senator Nye of North Dakota, a member of the Senate Immigration Committee, declared that "the problem of smuggling aliens has become a game almost on a par with the bootleg industry. (New York Evening Post, Feb. 25, 1929.) * * * Commissioner Hull declares that aliens coming illegally into the country sell their possessions and even go into debt to pay traveling expenses and the exhorbitant charges of unscrupulous agents. (Congressional Record, Feb. 21, 1929.)

The Immigration Department has a mass of evidence indicating that smuggled aliens are paying from $100 to $1,000 apiece to those who assist them in gaining entrance to this country. In January, 1930, a newspaper item told of a number of Chinese apprehended at New Orleans, who had contracted with a syndicate to pay $1,000 apiece for entrance into this country. On page 4908 in the Congressional Record, March 1, 1929, Congressman Johnson of Oklahoma makes serious charges to the effect that officials of the Immigration Department are accepting fees for passing aliens illegally into the country, such fees running from $200 to $1,000 per individual.

Against the estimate of 200,000 deportable aliens thus added to the country's population each year, the report of the Commissioner General of Immigration shows that about 30,000 leave, 20,000 voluntarily on request and less than 12,000 on formal order and at expense of the Government. We are adding 170,000 deportable aliens to our population each year.

STATEMENT OF W. N. DOAK, EDITOR AND MANAGER THE RAILROAD TRAINMEN, NATIONAL LEGISLATIVE REPRESENTATIVE, BROTHERHOOD OF RAILROAD TRAINMEN

Mr. DOAK. The Brotherhood of Railroad Trainmen is an international labor organization representing train and yard service employees on the various railroads throughout the United States and Canada. Our membership, in round numbers, is 190,000.

On substantially all of the railroads throughout the country we maintain what is known as general grievance committees, whose duties are to represent the employees in our classes on these systems of railway. Each of the local lodges on a particular system of railway elects a local chairman and these local chairmen elect a general chairman from the ranks of the employees on that system. General chairmen so elected are the spokesmen on their respective properties for the organization.

In order to secure some definite data as to the employment situation existing on the various properties at the present time, the general chairmen were requested on March 15, 1930, to furnish data for their lines covering unemployment resulting from depression which started last fall, and that brought about by changed methods of operation, introduction of improvements, such as heavier motive power, car retarders, etc. Consequently, this data is as current as it is possible to obtain. They were requested to segregate the figures covering the present depression in business from other data and while this has not been done in all cases, we estimate from the figures furnished by those chairmen who have reported to date (which represent about 75 per cent of the total), that there are from 14,000 to 15,000 men of the classes represented by the brotherhood now out of employment on account of last fall's business slump. This does not take into consideration the hundreds or perhaps thousands of men whose names are still continued on the extra lists but who are making very small wages, either because of lack of traffic or because of the number of men who have been retained on the extra list in an effort to spread the available opportunity for work over as many men as possible.

We have prepared a memorandum containing excerpts from the replies of the chairmen setting forth conditions on the various roads, which, while not always confined to the situation which has arisen since last fall, show the constant trend in the direction of lesser opportunity for employment in railroad service, which we understand is one of the points that it is the desire of your committee to have covered in this investigation.

We also desire to submit a memorandum showing a comparison of employees in service on class 1 railroads October and December, 1929 and 1928, as reported for all employees and for employees in road, freight, and yard service.

We have also prepared a memorandum illustrating the effect of introduction of car retarders which, while not covering by any means all of the installations which have been made, clearly portrays one of the results of the so-called "machine age."

In the consideration of this entire problem it will be noted that there is considerable comment on the part of the general chairmen concerning decreased opportunity for employment on account of increased weight of locomotives and length of trains, and the memo-

randum attached contains information relating to this feature and showing the progressive reduction in number of road freight brakemen required to handle the business and progressive increase in production per man since the year 1918. This same memorandum contains some comment on the decrease in the number of passenger brakemen and flagmen during the same period and the inroads made by bus operation since 1925.

We have also prepared a memorandum relating to improved devices which have been introduced in recent years which have had the effect of decreasing opportunity for employment and the personnel in branches of railroad service other than train and engine. This memorandum does not cover all such improvements as have been introduced, but it is of interest in connection with the general subject.

There is attached a graph and statement showing the revenue freight car loadings during 1928 and 1929 and for the year 1930 up to the week ending February 22.

(The statement and graph are here printed in full, as follows:)

EASTERN ROADS

Akron, Canton & Youngstown: When the general business depression started in the fall of 1929 there were employed on this property 109 men in train service, which has diminished to 79 at the present time. Reduction of 30, or 27.5 per cent.

Buffalo, Rochester & Pittsburgh: Twenty-six men relieved.

Bessemer & Lake Erie: Ninety-seven men out of employment at this time; 68 due to usual reduction in traffic, 29 more being relieved than last year.

Baltimore & Ohio: About 500 men cut off, 70 per cent or, 350, due to reduction in traffic and 30 per cent or 150 to heavier power and changed operations.

Big Four: There are at the present time 400 men furloughed in train and yard service. Practically all divisions on the Big Four have hired men during the winter months for the past 10 years but during this winter business has been such that practically each month additional men have been furloughed.

Boston & Albany: Loss of employment since 1929 about 125 men due to reduction in traffic, heavier motive power, longer trains, and new methods of operation. Conditions worse than several years.

Boston & Maine: About 400 men out of employment, 20 per cent of this being caused through loss of traffic since September, 1929, the remainder through changed methods of operation, heavier motive power, interdivisional runs, introduction of car retarders, and further extension of motor-bus service. About 250 spare men making about four days a week.

Central Railroad of New Jersey: Estimate 150 men laid off since first of last September. Approximately 400 since spring of 1927; 60 account installation of car retarders at Allentown, 190 account reduction in traffic due to depression in anthracite coal market, balance on account of changed methods of operation, heavier motive power in yards and on road, establishment of long mileage runs, increased tonnage and long trains.

Chicago, Indianapolis & Louisville: About 85 train and yard men out of work who were employed September 1, 1929. About the time depression started there was heavier power put in service and I would presume that 50 per cent of the unemployment is due to heavier power. We have the same number of crews working now as we did 10 years ago.

Delaware, Lackawanna & Western: From 75 to 85 laid off since last fall.

Erie: As compared with the situation last fall, there are approximately 350 trainmen out of employment. We have men now working on the extra list who have been in the service from 8 to 10 years.

Hocking Valley: Seventy-five men out of employment caused by a reduction in traffic. Delivery of new power purchased will cause one-third reduction in crews; present power handling 100 cars, new power to handle 150.

Long Island: During the past month 100 men have been laid off and 50 men reduced to the extra list working about 2 days per week.

Lehigh Valley: About 180 men relieved, account depression in business.

Maine Central: About 30 men out of employment due to business depression.

Michigan Central: Out of about 1,700 switchmen and switchtenders on the seniority list about 500 out of regular jobs, 55 of this number account putting

car retarders in operation at Detroit, balance account depression in business since last summer. Estimated 20 per cent of the 500 are working extra getting from 7 to 25 days per month. Out of about 1,100 road men on the seniority lists there are approximately 200 out of regular jobs and about 75 of these working extra. I was promoted to a road conductor January 20, 1921, and am just as far from running a train now as I was then, regardless of the men that have been pensioned and those that have passed away, thanks to the large engines. (C. E. Robinson.)

Monongahela: There are 70 trainmen furloughed since September and 52 working extra making about 15 days per month and we will have to furlough 15 or 20 of these on April 1. Tonnage rating has been increased 2,300 tons per train in the last five years.

New York Central (East): Since September, 1929, there have been approximately 385 men laid off because of depression in business, heavier motive power, and longer trains in both passenger and freight service. De Witt Yard and Selkirk Yard being equipped with car retarders, the work in these two yards can be done with a limited number of men. In the latter part of 1928 and early 1929 when the retarders were installed in the De Witt Yard, it resulted in reduction of approximately 200 in yard force.

New Haven: The spare boards on this system are carrying approximately 500 men and a greater number than that cut off.

New York Central (West): About 200 now out of employment, 50 per cent account changed method of operation and heavier motive power, 25 per cent account depression of business, and the remainder due to natural falling off of traffic in the early part of year.

Pennsylvania (East): About 350 trainmen furloughed. The management has been experimenting for the past three years with what is known as the type M-1 engines. Engines of this type can be used in both passenger and freight service. They will haul an all-steel passenger train consisting of 12 to 15 cars over the average division at any speed up to 90 miles an hour. On the middle division on fairly level territory they have been regularly hauling an average of 115 to 120 empty coal hoppers, maintaining an average speed of 40 miles per hour. Recently a train of 182 mixed empty cars was handled between Harrisburg and Jersey City.

Pennsylvania (west): It is my opinion that the number furloughed at this time is about 28 per cent greater than in normal times during the month of March. (Note: This probably means about 500 men more than usual at this time of year.)

Pittsburgh & Lake Erie: One hundred and fifty trainmen have been furloughed as a result of present business depression. With the past few years train lengths have been increased approximately 30 per cent; 250 extra men are averaging four days per week.

Pere Marquette: There has been laid off approximately 150 men as compared with the number in service the 1st of last November. For the first two months of this year men working on the extra board shared their earnings with younger extra men to the extent that the earning power of each extra man would not average more than $30 for a semimonthly period. The first part of March it was necessary to further reduce extra boards due to the fact that regularly assigned trains were handling practically all the business which the company had. Extra boards using 10 and 12 men turnover, on the average, each 8 to 11 days at this time.

Reading: We furloughed about 20 men and our extra men are working exceptionally slow for this time of the year. This is the first year, as far back as 20 years or more, that we were not putting on crews and while we have not taken off many men, the fact remains that we have at least 50 crews less than we usually have during the winter season. On a general average I would say that our men are averaging about three days per week.

Toledo & Ohio Central: Approximately 174 road and yard men entirely removed from the service since last September on account of depression in business.

Wheeling & Lake Erie: About 40 men in train service furloughed since last fall and about 20 men in yard service on account of depression in business. Men on the extra list are making about 20 days per month.

SOUTHEASTERN ROADS

Chesapeake & Ohio: At the present time there are approximately 475 men out of employment on our property, brought about by larger engines, installation of

car retarders, and depression in business. On November 30, there were car retarders installed at Russell yard, causing 168 men to be cut off. since which time there has been 55 cut off on account of depression in business. Larger engines are being introduced on the Big Sandy subdivision, increasing the train length from an average of 95 loads to 140 loads. Men on the extra list average from 5 to 20 years' service and on the eastern division some men with 20 years' seniority do not stand to be marked up on the extra list.

Clinchfield: Twelve men cut off since last fall due to reduction in traffic. In the past 10 years approximately 150 to 200 men have been cut off in all departments due to heavier power and mechanical devices.

Louisville & Nashville: There are 489 less men working in train and yard service than on October 1, 1929, and additional reductions being made this week, all caused by depression in business.

Nashville, Chattanooga & St. Louis: We have at this time approximately 150 brakemen and switchmen cut off, some of whom have 21 years seniority and can not hold a job on the extra board. The branch lines have suffered a great loss account heavier motive power, and every brakeman on the extra board is a promoted conductor, some of whom have run as regular conductors for years. Since August, 1929, have had 7 passenger runs, 5 mixed runs and one shop engine taken off. Our business has been good and reduction in man power has been caused by heavier motive power. Taking into consideration those who have left the service account of deaths and other causes and the gradual increase in business in the past 10 years, we are not advancing in seniority, but continue to get further away from a regular job.

Norwich & Worcester: Compared with August, 1929, there are approximately 25 more trainmen in service than at that date. Compared with several years ago we have approximately the same number of road employees but the railroad is handling considerable more tonnage. This is brought about by heavier motive power and longer and fewer trains. In yard service we have a less number of yardmen than three years ago brought about by installation of car retarders at Portsmouth yard where about 60 yardmen were cut off. Briefly stated, I do not think decreases in man power have been brought about by a general depression in business but rather on account of heavier engines, car retarders, and better terminal facilities.

Tennessee Central: Sixteen trainmen relieved account of depression in business.

WESTERN ROADS

Chicago & Alton: There are approximately 150 train and yard men reduced from the lists, about half of which is on account of recent depression of business. Ordinarily at this time of the year our forces would be reduced 70 to 80 men.

Chicago & North Western: In the Chicago terminal the board has been cut twice within the last month and we have now approximately 125 men less than under normal conditions for the past five years, not considering a reduction of about 100 men due to installation of car retarders. Reductions during the last 60 days have extended over the entire system,and it is not unreasonable to state that approximately 1,000 men are at this time reduced from any earning power or their earning power has been materially curtailed by falling off in business.

Denver & Rio Grande Western: One hundred and thirty-five out of employment due to reduction in traffic and about half this number account of changed methods of operation, improvements, and heavier motive power.

Galveston, Houston & Henderson: September, 1929, had 6 regular assigned yard engines, 24 regular men and 13 extra men; to-day have 2 regular assigned yard engines, 8 regular men, and 6 extra men.

Gulf, Colorado & Santa Fe: One hundred brakemen and 20 yardmen cut off; brakemen but off due primarily to heavy power put in service two years ago.

Great Northern: About 1,300 men holding seniority on this line unemployed on roster numbering about 3,700.

International & Great Northern: We have about 50 yardmen cut off at Houston and 5 at San Antonio and 50 trainmen various points. In comparing the present conditions with the same time last year, we find that men are being used, due to larger locomotives and the handling of more tonnage per train, in lesser number. Our men have been standing virtually in the same place for the last 10 years.

Illinois Central: We now have approximately 500 less men in service than we did when the depression started.

Los Angeles & Salt Lake: 30 yardmen and 40 brakemen out account depression in business which is double that usually experienced at this season. Were

it not for heavy power introduced the past few years would have approximately 50 per cent more trainmen employed.

Minnesota. Transfer, 43 yardmen removed account depression in business.

Missouri, Kansas & Texas: At the present time there are approximately 131 men reduced from the extra boards account of reduction in traffic. The reduction at some points is greater than at any time within a 10-year period. We have brakemen reduced from extra board with 15 years' seniority.

Midland Valley: It has been necessary within the past weeks to cause 16 roadmen and 7 yardmen to leave employment on this property. Two passenger trains have been taken off since last fall and motor cars have replaced the steam runs, resulting in all passenger brakemen being reduced, as the motor cars are operated by engineer and conductor. I have been an employee of the Midland Valley for the past 13 years and the situation at the present time is more serious than I have ever seen it.

Northern Pacific: Approximately 390 men out of employment account of depression, the senior man relieved having 12 years' service.

Rock Island: Approximately 75 less brakemen employed to-day than in September, 1929.

Southern Pacific (Atlantic): I would estimate we have 100 men out of service in addition to possibly 60 or 70 on the extra list who can not work because of depression of business.

Southern Pacific (Pacific): In all of our yards the force has been reduced far below reduction of previous years. In many instances industrial engines have been taken off that have been regularly assigned for 10 to 20 years. In some yards fourth men have been taken off crews which have been manned with a fourth man for 20 years or more.

Union Pacific: Approximately 100 roadmen and 75 yardmen out of service account of recent business depression and heavier power.

Wabash: Approximately 200 train and yardmen out of service account of reduction in forces account of traffic depression since last fall.

Employees on class 1 railroads—All employees

Month	1929	1928
October	1,749,859	1,724,439
December	1,605,085	1,621,910
Decrease	144,774	102,520
Per cent	8.3	5.9

Comparing this same period of the two years we find that the reduction in "all employees" in 1929 was 42,254 greater than in 1928, or 41 per cent. We have been able to secure figures for road freight conductors and trainmen and yardmen for the month of January, 1930, and a comparison of the reductions made in the period October, 1929, to January, 1930, inclusive, with the period October, 1928, to January 1929, inclusive, is shown below:

Month and year		Number reported			
		Road freight conductors	Road freight brakemen and flagmen	Yardmen (conductors, brakemen, switch tenders)	Total road freight and yard service
October	1929	25,397	59,377	83,758	168,532
January	1930	22,312	52,571	76,989	151,872
Decrease		3,085	6,806	6,769	16,660
Per cent		12.15	11.5	8.1	9.9
October	1928	25,490	60,126	81,355	166,971
January	1929	23,594	55,658	78,746	157,998
Decrease		1,896	4,468	2,609	8,973
Per cent		7.4	7.4	3.3	5.4

The above figures are taken from reports published by the Interstate Commerce Commission showing number of employees and compensation as reported by class 1 steam railways and represent the employees in service in the middle of the month, which according to instructions for preparation of the report should include all those subject to all for service. It will be noted that in road freight and yard service (the two services most affected by the business depression last fall), there was a decrease of 16,660 employees reported in January, 1930, as compared with October, 1929, while there was a decrease of 8,973 employees reported in January, 1929, as compared with October, 1928. A comparison of these two 4-month periods shows that there were 7,687 more road freight brakemen and yardmen thrown out of employment in the 1929–30 period than in the 1928–29 period, or 85.67 per cent.

CAR RETARDERS

A few years ago a device was invented by which cars could be switched in hump and gravity yards, displacing yardmen by machinery, and this device was known as a car retarder.

The progressive introduction of car retarders in the past 10 years has had the effect of removing from service many hundreds of yardmen. We believe the first retarder operation was introduced on the Indiana Harbor Belt and since that time its use has been extended to many railroads throughout the country and information reaches us with increased frequency of new installations. The effect of the installation of car retarders is illustrated by the following:

On the New York, New Haven & Hartford approximately 50 yardmen were displaced account installation of car retarders in Providence yard. Approximately 56 yardmen were displaced account installation of car retarders in Hartford yard and approximately 87 yardmen were removed account of car retarder installation in Cedar Hill Yard, New Haven, Conn. This illustrates the effect of installation of car retarders on one railroad.

On the Lehigh Valley during the year 1929 car retarder operation was installed at Croxton yard, which had the effect of relieving 62 men at that point in addition to 1 engine and crew at another point on account of increased number of classifications which is possible to make at Croxton. In place of the 62 men relieved there are now employed 1 car retarder operator and 1 engine and crew on each trick, or a total of 12 men.

On the Michigan Central about 55 yardmen were recently removed account of car retarder installation on the westbound hump—Detroit yard.

On the Norfolk & Western approximately 60 yardmen have been removed by reason of installation of car retarders at Portsmouth yard. On this property there are fewer yardmen in the service to-day than there were three years ago.

On November 30, 1929, car retarders were installed at Russell, Kentucky yard, Chesapeake & Ohio Railroad, causing 168 men to be cut off.

The Railway Age issued of February 15, 1930, contains an article describing a unique car retarder installation on the docks of the New York Central at Toledo, Ohio, which will have the effect of reducing the number of men previously employed at this point. The article describing this installation states that—"this unusual application of the car retarder system has increased the speed of loading the lake vessels and at the same time decreased the costs due to elimination of switchmen and car riders."

We do not have information available showing the reduction in yardmen throughout the country due to the installation of car retarders during the past 8 or 10 years but each installation was accompanied by the throwing out of employment of a number of men.

INCREASED WEIGHT AND SPEED OF LOCOMOTIVES

Statistics published by the Interstate Commerce Commission show a progressive increase in the size and tractive power of locomotives in use on railroads in the United States. This of course permits the handling of longer and heavier trains. From 1918 to 1928 the average tractive power of all steam locomotives on class 1 railroads of the United States increased 25.27 per cent. Statistics are not available for freight locomotives alone, but from 1924 to 1928 the average tractive power of all freight locomotives on class 1 railroads increased 9.02 per cent and from 1918 to 1928 the average length of freight trains increased approximately 34 per cent. These statistics also show increased average train speeds which are the result at least in part of improvement in design of these new locomotives. The

average speed of freight trains in 1929 was 13.2 miles per hour, an increase of 2.1 miles or 19 per cent over 1922. The introduction of the new type locomotives has resulted in employment of fewer trainmen and has also increased the productivity of those still continued in railroad service, as will be observed from the following table:

Year	Number of road freight brakemen		Revenue freight ton-miles	
	Number of men	Index, 1918=100	Per man	Index, 1918=100
1918	69,048	100.	5,870,978	100.
1919	61,989	89.77	5,876,737	100.10
1920	67,127	97.22	6,112,387	104.11
1921	57,676	83.53	5,320,067	90.62
1922	57,746	83.63	5,875,478	100.08
1923	65,750	95.22	6,277,220	106.92
1924	60,539	87.68	6,415,951	109.28
1925	59,981	86.87	6,899,089	117.51
1926	[1] 61,576	89.18	7,206,484	122.75
1927	59,384	86.00	7,219,739	122.97
1928	56,763	82.21	7,626,714	129.91
1929	56,548	81.90	7,911,194	134.73
Decrease 1929–1918	12,500	18.10		

[1] Best since war.

It will be noted in the year 1918 the average number of road freight brakemen employed on railroads in the United States was 69,048, while in 1929 the average number employed was 56,548, a decrease of 12,500 men, or 18.1 perc ent. It will also be noted that during the year 1918 the average number of revenue freight ton-miles handled per man was 5,870,978, while in the year 1929 the average number of revenue freight ton-miles handled per man was 7,911,194, or an increase of 34.75 per cent.

The heavier and speedier locomotives have permitted the extension of former freight districts with result that fewer road trainmen are employed and many yardmen have been removed from the service on account of trains being run through former break-up or classification points. This, of course, has also resulted in decreased number of engine-house men required to take care of engines which formerly turned at intermediate terminals. The same condition obtains so far as passenger service is concerned, as reports of increased length of engine runs in that service are not infrequent and such lengthening of runs of course reduces the engine-house forces formerly required at intermediate terminals to care for these passenger locomotives.

During the year 1918 there was an average of 14,423 road passenger brakemen and flagmen employed on railroads in the United States, while during the year 1929 there was an average of 13,078, or a decrease of 1,345, or 9.33 per cent. It is reasonable to assume that a portion of this decrease in employment has resulted from the introduction of heavier passenger power with a decrease in the number of train units required to handle the business. In addition there has been a decrease in the personnel needed for the handling of passenger traffic due to the discontinuance of regular passenger-train service (particularly on branch lines) and the introduction of gas, electric, and gasoline motor cars, and also due to the inroads made by bus service on railroad passenger-train service during the past few years. Statistics of the Interstate Commerce Commission show a steady increase in the number of motor cars in service on which generally the railroads are using fewer trainmen than were formerly employed.

The Railway Age issue of February 22, 1930, contains an article relating to extra-fare inquiry at Chicago, in which the following statement appears:

"During the year ending January 1, 1925, 53,200 motor coaches were operated in the United States, and carried 870,000,000 passengers for a gross revenue of $186,000,000, while for the year ending January 1, 1929, the number of vehicles operated totaled 92,400; passengers carried reached 1,793,000,000, and the gross revenue $366,000,000."

This has, of course, contributed to a decline in railroad-passenger traffic and decrease in opportunity for employment of railroad men.

In order to show the trend in employment for the last three months in 1929, there were 59,377 road-freight brakemen employed in October, receiving a total

compensation, including all hours and overtime paid for, of $11,774,362; while in December there were employed on class 1 railroads a total of 54,437 road-freight brakemen and flagmen, receiving a total compensation of $9,421,097, a reduction of 4,840, or 8 per cent, in the number employed and a reduction in total compensation of $2,353,265, or approximately 20 per cent. The total number of road-freight conductors, through, local, and way freight, employed on class 1 railroads in October, 1929, was 25,397, while in December the number had been reduced to 23,169, or a reduction of 2,228, or 8 per cent, and the total compensation had been reduced from $6,636,071 to $5,329,424 in December, a reduction of $1,306,647, or approximately 20 per cent. Yard conductors and foremen and yard brakemen and helpers had been reduced from 78,437 in October to 73,639 in December, a reduction of 4,798, or 6 per cent, while total compensation had been reduced from $15,933,215 in October to $13,903,767 in December, or a total reduction in compensation of 12.7 per cent.

For all empoyees on class 1 roads there was a reduction from 1,749,859 in October to 1,605,085 in December, or a reduction of 144,764 employees, or 8 per cent, while the total compensation paid the employees was reduced from $263,-661,353 in October to $234,081,322 in December, a reduction of $29,580,031, or 11 per cent.

DECREASED OPPORTUNITY FOR EMPLOYMENT IN RAILROAD SERVICE

Another factor which is adding its contribution to decreased opportunity for employment of railroad men is the introduction of centralized traffic control.

The Railway Age issue of February 1, 1930, contains an article describing centralized control system installed on the Denver & Rio Grande Western Railroad Co. between Provo, Utah, and Midvale, including 32 miles of single track in which the statement is made that the movement of freight trains has been advanced more than one minute per mile during the first month of operation and that other substantial economies were effected by reducing the number of operators and dispatchers.

In the Railway Age issue of March 15, 1930, an article appears describing a centralized signal control system installed on the Missouri Pacific, including 43 miles of single track between Edgewater Junction (Kansas City, Kans.) and Atchison, in which the statement is made that this installation resulted in the reduction of 14 operators and 2 relief men. An editorial relating to this installation appearing in the same issue states that this installation permitted a reduction in wage costs equal to 20 per cent return on the investment and that the running time of through freight trains has been reduced about one minute per mile.

Increased speeds attained through installation of such improvements have an effect on the number of men needed to handle the service.

The continued introduction of improvements in signalling, including remote control, has permitted the lengthening of blocks with consequent closing of foremer telegraph offices and the conversion of attended block stations to unattended block stations now controlled by an operator in some instances many miles from the closed block station. The continued extension of telephone train dispatching has also resulted in the closing of former attended block stations and the introduction of unattended block stations where trainmen receive orders and instructions by phone instead of through the former Morse operator.

In telegraph service, opportunities for employment have been reduced by increased introduction of automatic senders and receivers (Morkrum printers) and teletype machines. This latter improvement has also had its effect on clerical forces due to records made by these machines now being used instead of transcription to other forms previously required.

The maintenance of way department opportunities for employment have been reduced through increased introduction of improved appliances, such as paint sprayers, pneumatic tie tampers, power drills, oxyacetylene cutting and welding machines, ditching machines, concrete mixers, "moles" for cleaning ballast, weed burners, rail loaders, etc.

The introduction of gasoline track cars has permitted the lengthening of sections, decreasing the number of men employed in supervisory capacity, as well as decreasing the number of laborers account of ability to cover greater territory in a given time than heretofore.

The extension of the use of pneumatic and electric apparatus in yard and terminal territories has resulted in the displacement of many switch tenders formerly employed in the manipulation of hand-thrown switches.

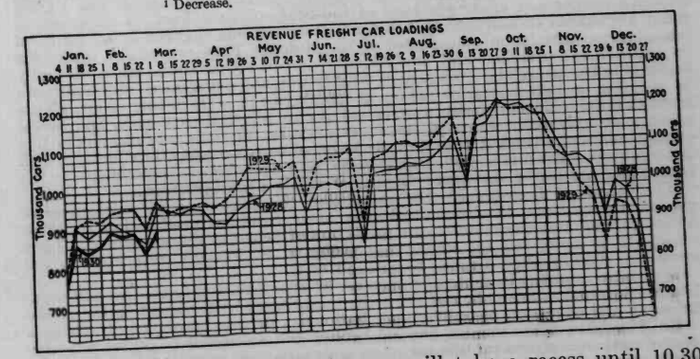
The employment of road freight brakemen on class 1 railroads compared with the revenue freight ton-miles (tons of revenue freight carried 1 mile) produced one of the most interesting developments in the railroad industry from the employment standpoint. The Adamson 8-hour law became effective January 1, 1917, and at the time of its passage it was clearly predicted that it would cause the employment of a great number of additional men and would prove ruinous to the railroads. We find, however, that in 1916, the year before the Adamson law went into effect, the number of road freight brakemen was 63,285 and they handled 362,444,397,129 revenue freight ton-miles; in 1919, 61,989 road freight brakemen handled 364,293,063,017 revenue freight ton-miles. In other words, 1,296 less men handled 1,848,665,888 more revenue ton-miles than were handled in 1916. Or by taking two other years which were somewhat comparable as to the revenue ton-miles handled, we find that there were 410,000,000,000 plus revenue ton-miles handled in 1920, as compared with 412,000,000,000 plus revenue ton-miles in 1923, while the number of road freight brakemen decreased from 67,127 in 1920 to 65,750 in 1923, or a decrease of 1,377.

Then we find that in 1916, 63,285 road freight brakemen handled 362,444,397,-129 revenue ton-miles, whereas in 1929, 56,548 road freight brakemen handled 447,260,229,000 revenue ton-miles, or an increase of over 84,000,000,000 revenue ton-miles, or more than 23 per cent, with a reduction of 6,737, or approximately 12 per cent in the number of men. The actual increase in productivity per road freight brakeman from 1916 to 1929 was from 5,727,177 in 1916, to 7,911,194 in 1929, or an increase of 2,040,216 per man, or approximately 33 per cent.

Revenue freight car loadings

Week ending—	1930	1929	1930 compared with 1929	1928	1929 compared with 1928	1903 compared with 1928
Dec. 14, 1929	----------	923, 240	----------	963, 668	[1] 40, 428	----------
Dec. 21, 1929	----------	842, 483	----------	900, 620	[1] 58, 137	----------
Dec. 28, 1929	----------	638, 445	----------	667, 974	[1] 29, 529	----------
Jan. 4, 1930	776, 259	798, 682	[1] 22, 423	754, 247	[2] 44, 435	[2] 22, 012
Jan. 11, 1930	863, 191	914. 438	[1] 51, 247	907, 301	[2] 7, 137	[1] 44, 110
Jan. 18, 1930	847, 353	931, 861	[1] 84, 508	884, 683	[2] 47, 178	[1] 37. 330
Jan. 25, 1930	862, 621	926, 474	[1] 63, 853	902, 664	[2] 23. 810	[1] 40, 043
Feb. 1, 1930	898, 894	947, 154	[1] 48, 260	926, 262	[2] 20, 892	[1] 27, 368
Feb. 8, 1930	886, 581	955, 981	[1] 69, 400	906, 477	[2] 49, 504	[1] 19, 986
Feb. 15, 1930	891, 597	957, 498	[1] 65, 901	888, 586	[2] 68, 912	[2] 3, 011
Feb. 22, 1930	828, 890	905, 503	[1] 76, 613	869, 417	[2] 36, 086	[1] 40, 527

[1] Decrease. [2] Increase.



The CHAIRMAN. And with that we will take a recess until 10.30 next Thursday morning, when the committee will meet in executive session.

(Thereupon, at 12.10 o'clock p. m., the subcommittee adjourned to meet in executive session Thursday, April 3, 1930, at 10.30 o'clock a. m.)

APPENDIX

ADDITIONAL BRIEFS AND COMMUNICATIONS

Subsequent to the close of this hearing certain additional commun cations were received by the committee, which the reporter, by order of the chairman, has inserted in the record at this point as follows:

BRIEF OF THE NATIONAL ASSOCIATION OF MANUFACTURERS IN OPPOSITION TO THE BILL (S. 3060) TO ESTABLISH A NATIONAL EMPLOYMENT SYSTEM, ETC.

NATIONAL ASSOCIATION OF MANUFACTURERS,
Washington, D. C., April 7, 1930.

Hon. HIRAM W. JOHNSON,
Chairman, Committee on Commerce, United States Senate,
Washington, D. C.

DEAR SIR: In accordance with your communication of April 3, I beg to file herewith, on behalf of the National Association of Manufacturers, the attached brief in opposition to S. 3060, by Senator Wagner.

Believe me, in appreciation of your courtesy,

Very respectfully yours,

JAMES A. EMERY,
General Counsel, National Association of Manufacturers.

To the COMMITTEE ON COMMERCE,
United States Senate:

By your leave we beg to file herewith a statement in opposition to S. 3060, "a bill to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes."

Your petitioner, the National Association of Manufacturers of the United States, incorporated under the laws of the State of New York, is composed of many thousands of individuals, firms, and corporations engaged in all forms of manufacture throughout the States of the Union. They are vitally interested in employment problems and, individually and in cooperation, are continually engaged in the study and exchange of information and experience for the purpose of securing a better regularization of employment. Operating their plants throughout the Nation under a wide variety of physical, economic, and social conditions, and maintaining in the great majority of their establishments free employment departments, they view with concern any proposal the effect of which is to subject local public and, in effect, private agencies of employment to the controlling regulation and supervision of a remote Federal bureau.

The board of directors of this association constituted of 25 representative manufacturers from 17 different States, after careful consideration of these measures, unanimously adopted the resolution attached to this statement. They substantially approved the underlying policy of S. 3059–61, respectively, but oppose S. 3060 for the following reasons:

I. It is an unauthorized use of the power of appropriation to control and regulate the internal police policy of the individual States with respect to the establishment and operation of public, and, indirectly, private employment agencies.

II. The bill confers upon a Federal bureau and an executive officer unprecedented authority to control the use of an appropriation, in order to substantially establish and determine the policy of the States, with respect to the operation of their employment agencies and the placement and movement of labor through standards and regulations prescribed by such Federal bureau.

III. The policy proposed under the guise of cooperation, asserts the right and intention to coerce the individual States into the acceptance of Federal policies

as to employment agencies, by establishing such agencies within the States, whether or not they are desired. Furthermore such agencies are authorized to be established and maintained in competition and conflict with existing State agencies, whenever such States do not agree to accept and operate under the prescribed policy.

HISTORY OF THE BILL

Preliminary to an examination of the propositions asserted, we direct the committee's attention to the genesis of S. 3060 and its terms:

The pending bill, S. 3060, is substantially identical in its fundamentals and generally in its terms, save where the Federal authority is enlarged, with S. 1142 and H. R. 4305, identical measures, introduced in the Sixty-sixth Congress, first session, and the subject of extended hearing and consideration by a joint committee consisting of the Committee on Education and Labor of the Senate and the Committee on Labor of the House. Public hearings were held upon such measures from June 19 to July 25, 1919. The measures were intender to establish permanently the United States Employment Service, authorized during the Great War, to systematically distribute and place labor in service for the national defense. The measure was largely supported at the time by the persuasive argument that it was essential as an aid to the replacement of returning soldiers, but general dissatisfaction with the policy of the bill and the operation of the service itself apparently caused the House and Senate Committees to abandon the measure.

TERMS AND POLICY OF PENDING BILL, S. 3060

The pending bill, like the original measure of 1919, proposes the establishment and maintenance of a national system of public employment offices through a bureau within the Department of Labor, to be known as the "United States Employment Service." The head of such bureau is styled the director general, to be appointed by the President, with the advice and consent of the Senate, at a salary of $10,000 per year, double that under the original bill. A woman assistant director general is authorized, and it is the declared object of such bureau:

"To establish and maintain a national system of employment offices for men, women and juniors who are legally qualified to engage in gainful occupations, and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the Several states and the political subdivisions thereof."

The bureau is further authorized to furnish and publish information as to opportunities for employment, maintain a system of clearing labor between the States and to do this "by establishing and maintaining uniform standards, policies, and procedure," and aiding in the transportation of workers to places of employment. The service is directed to be "impartial, neutral in labor disputes, and free from political influence," an addition to and improvement upon the original bill.

Apart from details, the essential policy and purpose of the measure to which we direct your attention is as follows: The bill authorizes an appropriation of $4,000,000 per annum, for four years. Seventy-five per cent of this, or $3,000,000 per year, is to be apportioned among the several States in the proportion which their population bears to that of the United States. That sum is to be employed in the establishment of public employment offices in the States in accordance with the following plan:

Wherever the State, through its legislature, authorizes an existing employment agency or establishes one to cooperate with the Federal agency, the director general apportions, up to the allotment, an amount equal to that appropriated by the State, for the support of such State agency. But, and this is the vital and controlling feature, each State must submit to and receive the approval of the Federal bureaucrat for its plan of operation before the State may receive Federal aid, and while receiving it the State agency must continually report operations in such form as the director general prescribes. He alone determines whether the State offices are "conducted in accordance with the rules and regulations and the standards of efficiency prescribed by the director general." Wherever such agencies do not conform to the Federal regulat ons, or when, in the opinion of the director general, the State agency does not properly expend either the Federal aid or the moneys appropriated out of its own State treasury, he may revoke the certificate and withdraw such aid, subject to appear to the Secretary of Labor.

The plan of control does not, however, stop with financial persuasion. It goes much further. A balance of $1,000,000 per year, within the proposed appropriation, is available to the director general for two major purposes: (*a*) To establish a system of public employment offices, subject to Federal control within the States which have not established such offices; (*b*) to establish and maintain such offices in States which already possess a system of public employment offices, but which, in the naive language of the bill, have "not complied with the provisions of such section 4," that being the section through which the legislature accepts Federal aid and control. In such a condition the bill provides that the director general may treat with the governor to secure the establishment of a Federal bureau, but, pending agreement with the governor, and while waiting for the legislature to surrender the control of its established employment system to Federal direction, the bill authorizes the director general to establish and maintain in such State a Federal system of offices under his control for one year.

We do not refer to other features of the measure not essential to this discussion, but we submit that the terms prescribed are sufficient to justify the characterization of this measure in the propositions we now discuss in their order:

I. It is an unauthorized use of the power of appropriation to control and regulate the internal police policy of the individual States with respect to the establishment and operation of public, and, indirectly, private employment agencies.

It is axiomatic that the Government of the United States is one of enumerated powers. The authority of Congress arises from an express grant or a necessary implication therefrom. The power to tax and therefore to appropriate is limited to the common defense and the general welfare in execution of its express or necessarily implied authority. Appropriation being the expenditure of the proceeds of taxation, the power to appropriate must be subject to the same limitations as the power to tax, or Congress would escape the limitations upon the taxing power by expenditures for a purpose for which it was not authorized to tax.

In the famous case of Gibbons *v.* Ogden, the Supreme Court, discussing the different powers of the Federal and State Government, said: "Congress is not empowered to tax for those purposes which are within the exclusive power of the States."

By the restrictions of the tenth amendment, all purposes or objects remain within the powers of the States except those expressly granted to Congress by the Constitution, for Congress possesses no general police power except within the District of of Columbia and the territories subject to its control. Now, the establishment and regulation of employment agencies has at all times been recognized as a matter of internal police completely within the control of the State except when the power of Congress to conduct a war authorizes a superior Federal control of labor placements as a step in the execution of the national defense. The various State courts, in proceedings too numerous to mention, have so held, and the Supreme Court of the United States has confirmed that view in many instances: Brazee *v.* Michigan, 241 U. S. 340; Adams *v.* Tanner, 244 U. S. 594; Robnik *v.* McBride, 277 U. S. 354.

The present director general of the United States Employment Service recognized this state of the law in an address made to the executives of the various employment agencies in October of last year, when he said: "We have not at the present time, and there is not enough coordination between the Federal Government and the several States. Each State is jealous, as you know, of its State rights. It should not be; but it would be well if we had a better Federal Employment Service, and Congress should direct how we should enter into these agreements, under what conditions and terms, such, perhaps, as in the maternity bill and for the building of good roads and our school appropriations." (U. S. Labor Statistics Bureau Bull. No. 501, p. 153.)

But we submit that the police power of the States over the subject of employment agencies can not be validly taken from them in the manner proposed, and the States may not validly surrender such authority if they would. For, as the Supreme Court of the United States said in Chicago *v.* Tranbarger (238 U. S. 77): "This power (the police power) can neither be abdicated nor bargained away, and is inalienable even by express grant."

It may be said, as did the director general above, that the police power of the States may be exchanged for a Federal appropriation, as in the case of the maternity act, but we direct the committee's attention to the fact that, upon the recommendation of the President of the United States, the policy expressed in the maternity act was properly abandoned by Congress and therefore constitutes no precedent. It may further be urged that in a proceeding brought by a private

taxpayer, as well as by the State of Massachusetts, the Supreme Court sustained the constitutionality of the appropriation made for State aid in connection with the maternity act. (Frothingham *v.* Mellon; Mass. *v.* Mellon, 262 U. S. 447.) In both cases the court declined to pass upon the validity of the appropriation in question, saying: "We have reached the conclusion that the cases must be disposed of for want of jurisdiction, without considering the merits of the constitutional questions."

Finally, we direct the committee's attention to the language of the late Chief Justice Taft, in the child labor tax case. (Bailey *v.* Drexel Furniture Co., 259 U. S. 20.) In that case Congress sought, under the guise of taxation, to invade the police power of the States, as in this bill it is proposed to do the same thing under the mask of an appropriation:

"The good sought in unconstitutional legislation is an insidious feature because it leads citizens and legislators of good purpose to promote it without thought of the serious breach it will make in the ark of our covenant or the harm which will come from breaking down recognized standards. In the maintenance of local self-government on the one hand, and the national power on the other, our country has been able to endure and prosper for near a century and a half."

II. The bill confers upon a Federal bureau and an executive officer unprecedented authority to control the use of an appropriation, in order to substantially establish and determine the policy of the States with respect to the operation of those employment agencies and the placement and movement of labor through standards and regulations prescribed by such Federal bureau.

By section 5 of the bill, a total of $16,000,000 is appropriated over a 4-year period, 75 per cent of which is, in the discretion of the director general, subject to allotment to the States. The unexpended balances remain within his control for further allotment which may be made not only for any fiscal year, but until the close of any fiscal year following the first meeting of the State legislature, after the enactment of this bill. The director general, subject alone to the amount at his disposal, determines the number of employment agencies to be established either in cooperation, competition, or conflict with State agencies. He alone prescribes the "rules, regulations, and standards of efficiency" which are to control the operation of State employment agencies. He alone determines the conformity of State plans to his regulations, subject to an appeal to the Secretary of Labor. He alone determines, not only whether the States properly expend their allotment of Federal aid, but, whether they properly expend their own State funds in operating such agencies.

We submit that the policy thus prescribed lodges the equivalent of legislative authority in the director general, sanctioned by the power of giving or withholding appropriations to penalize or reward the acceptance of Federal regulation. The rules and regulations prescribed by the director general will become the labor legislation of the aided States. They will always determine the qualifications for employment and placement. The States in their turn are inevitably driven to employ their police authority upon their own citizens, to impose Federal policies in the placement, movement, and distribution of labor. By the exercise of his regulatory authority in the method of clearing labor, the director general may control all private employment agencies, whether within or without individual plants, and by his determination of the policy of transporting workers, may dislocate and redistribute the local labor supply of many communities.

By section 10, subdivision (b), the director general is given authority; where the State legislature does not accept or "comply" with the provisions of section 4 and accept Federal aid and control; to establish a system of Federal employment offices by agreement with the governor. In other words, the bill authorizes a Federal executive officer to treat with the chief executive of a State in the establishment of a policy which is exclusively legislative in character. In the absence or refusal of acceptance by the legislature, or agreement with the governor of a particular State, as to employment agency policies, the director general is authorized to establish and maintain Federal employment agencies for a year within such State, an enlargement of the power contained in the original bill by six months.

We submit that never in the history of congressional appropriation in peace time, has a minor executive official been clothed with such control over appropriations, and such power to employ them for the purpose of securing the acceptance of Federal regulation to control State agencies, and force the action of State officers.

III. The policy proposed, under the guise of cooperation, asserts the right and intention to coerce the individual States into the acceptance of Federal policies

as to employment agencies by establishing such agencies within the States whether or not they are desired. Furthermore, such agencies are authorized to be established and maintained in competition and conflict with existing State agencies, whenever such States do not agree to accept and operate under the prescribed policies.

It may be said that the States are left to voluntarily accept or reject Federal aid. Each State may thus determine for itself whether in exchange for a Federal appropriation, it will subject its public agencies of employment to the supervision and control of a Federal bureau or official.

We submit the bill goes much further. Where financial persuasion fails, it authorizes and directs the director general of employment to use the coercive influence of establishing a Federal system, not only in States which have no employment system at all, but likewise in States possessing a well-established one of their own, but which neglect or refuse to accept Federal aid and control.

It has been said again and again that a legislature expresses public policy by nonaction not less than by action. It is for each State to determine for itself whether or not a particular subject deserves regulation or not. It is for the States likewise to determine whether or not existing facilities, public or private, are satisfactory for the performance of a function which is within its police power. It may well be that any give State is satisfied that private or philanthropic agencies providing free employment service, meet its local needs. This bill provides that no State is to be permitted to continue such a policy. It must accept as many Federal employment agencies as, in the opinion of the director general, are needed to be established within its communities, and to govern the employment placement of its inhabitants under rules and regulations prescribed by a single individual, remote from and unfamiliar with local conditions.

Nor is the bill satisfied with seeking the voluntary cooperation of established public State or municipal employment agencies. It seeks to compel these to accept the dominant control and regulation of the Federal bureau. The very language of the bill in section 10 asserts plenary authority to compel the acceptance of the mastery it seeks to establish. It refers to States whose legislatures have not accepted the provisions of section 4—that is, Federal aid and control—as having "not complied" with such section. Nor does it seek by mere persuasion to convert such States. The policy proposed is one of subjugation. It directs the Comptroller General of employment to seek an agreement with the Governor in the face of legislative inaction or refusal. But not satisfied with substituting agreement with an executive officer for action by the legislature in exclusive control of the internal police policy of the State, it further authorizes, pending even agreement with the governor the establishment of a Federal agency within such State, which obviously will not only compete with the State agency, but, under such circumstances, may come into conflict with it.

We submit that from the overwhelming evidence within the bill itself, its structure, terms and plain intent, it is intended and will in operation be effective to coerce the States to relinquish the legislative control of their police policy respecting public employment agencies, to the dictation of a Federal bureaucrat.

CONCLUSION

We perceive the necessity for the collection, analysis and distribution of timely, pertinent and authoritative information with respect to opportunities for employment, and a more systematic planning of the public work of the Government, that it may make its contribution to employment regularizations. But we urge that the present situation is no occasion to establish and impose an employment bureaucracy upon local government. The proposed plan is neither fitted to their needs nor in conformity with the traditional and appropriate relations of our dual system. It will excite friction rather than cooperation. No scheme is better calculated to establish a further precedent to enlarge Federal power at the expense of local authority. No plan is more certain to hasten the vanishing rights of the States. For the reasons above given, we urge your honorable committee to refuse its approval to S. 3060 in its present form.

JOHN E. EDGERTON,
President National Association of Manufacturers.
JAMES A. EMORY,
General Counsel National Association of Manufacturers.

ADDITIONAL BRIEF SUBMITTED BY THE NATIONAL ASSOCIATION OF MANUFACTURERS OF NEW YORK

NATIONAL ASSOCIATION OF MANUFACTURERS,
UNION TRUST BUILDING,
Washington, D. C., April 8, 1930.

Hon. HIRAM W. JOHNSON,
Chairman Committee on Commerce, United States Senate,
Washington, D. C.

DEAR SIR: In a brief filed with you yesterday, on behalf of the National Association of Manufacturers, in opposition to S. 3060, to establish a national employment system, I beg to inclose a statement inadvertently omitted, and ask that it be considered a part of our brief.

I refer to a resolution on unemployment adopted by the "President's Conference on Unemployment," called by President Harding, September 26, 1921. Said conference was composed of representative citizens, including officers of labor organizations, economists, and business men. The pertinent part of the resolution I quote below at once condemns the Federal operation of local employment offices for the doing of placement work by them and points out a method of coordination within the Federal power. It reads as follows:

"2. Your committee finds that there are now 25 States which have established State employment systems, and public employment offices are now being operated in about 200 cities, of which about 17 are purely municipal enterprises. Most of the 200 offices are supported jointly by the State and municipality. Your committee feels that in any permanent system the State should be the operating unit of such employment offices, and that the existence of such offices should be encouraged. The Federal Government itself should not operate local offices or do placement work.

"3. However, for the purpose of bringing about coordination, the Federal Government should—

"(*a*) Collect, compile, and make available statistical information.

"(*b*) Collect and make available information which will facilitate interstate placements.

"(*c*) Through educational measures improve standards of work and encourage the adoption of uniform systems."

May I request that this letter be considered a supplement to our brief. I am,

Very respectfully yours,
JAMES A. EMERY,
General Counsel, National Association of Manufacturers.

RESOLUTION ADOPTED BY THE BOARD OF DIRECTORS, NATIONAL ASSOCIATION OF MANUFACTURERS, NEW YORK, ON MARCH 21, 1930, RELATIVE TO THE EMPLOYMENT BILLS (S. 3059, S. 3060, S. 3061)

Whereas there has been introduced in the Senate of the United States S. 3059, S. 3060, S. 3061, relating, respectively, for the planning of public construction in order to stabilize employment; to establish a national employment system in cooperation with the States, and to authorize and direct the collection of employment statistics by the Department of Labor;

Whereas these proposals raised questions on principle and policy of a serious nature, which have received the consideration of this board: Therefore be it *Resolved*,

I

(*a*) That we favor prompt Executive action or, if necessary, legislation to plan and systematize public works so as to aid in the stabilization of employment.

(*b*) We urge the Department of Commerce or Labor be directed to cooperate with State and municipal agencies and private organizations or associations in the collection of authoritative information respecting employment for systematic compilation, analysis, and distribution.

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II

We are of the opinion that it is not the function of the National Government to organize or direct the establishment of local employment agencies in competition or conflicting with those of the States or municipalities, or to assume direction, control, or supervision of such local agencies, directly or through a system of supplementary appropriations intended or effective, to regulate and control the operation of such State and municipal employment agencies.

LETTER FROM THE SECRETARY OF LABOR SUBMITTING THE VIEWS OF THE DEPARTMENT AS TO THE PROPOSED LEGISLATION

DEPARTMENT OF LABOR,
Washington, January 30, 1930.

Hon. HIRAM W. JOHNSON,
United States Senate, Washington, D. C.

DEAR SENATOR JOHNSON: I have your communication asking for my opinion of S. 3059, introduced by Senator Wagner, and entitled: "A bill to provide for the advance planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment during periods of business depression."

This bill is evidently introduced with the very best intentions, and seeks to make public work available in the shortest time possible in cases of business depression and seasons of unemployment of labor.

I am friendly to any movement of this kind, but it does appear to me that the machinery created by the act would require more time to function than the machinery already in existence. It strikes me that the Federal employment stabilization board established by section 3 of this act is not given any authority that does not already exist, and the same would seem to apply to that part of the act providing for the compilation of necessary information. The President now can utilize the services of the Secretaries of the Treasury, Agriculture, Commerce, and Labor to create the board in an emergency and the statistical divisions are already functioning.

Section 13, however, places in the hands of this board a sum not in excess of $150,000,000 in any one fiscal year to be expended upon public works. If such a running appropriation is legal and safe, and I think it is, then section 13 of this bill would permit quick action (which is now impossible) in case of sudden increases in unemployment.

I need not impress upon your mind that by the time an appropriation can be gotten through Congress for any public work the suffering from unemployment might have become intolerable or ceased to exist. It would seem that it ought not to be necessary to create the machinery provided in this act in order to have some body to which the $150,000,000 could be appropriated. In short, while it is absolutely necessary that Congress devise some way of having money immediately available when emergency arises, a less cumbersome method might be devised. It occurs to me that it might be appropriated to the Treasury Department to be called upon by the President in an emergency.

These are some of the ideas that I feel should be most carefully considered in connection with the proposed legislation. When we are faced with periods of depression promptest possible action is essential.

With kindest personal regards, I am

Most cordially yours,

JAMES J. DAVIS, *Secretary.*

DEPARTMENT OF LABOR,
Washington, February 24, 1930.

HON. HIRAM W. JOHNSON,
Chairman Committee on Commerce,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Replying to yours of the 10th ultimo with reference to bill S. 3061, to amend section 4 of the act entitled, "An act to create a Department of Labor," approved March 4, 1913, you are advised that the department under its organic act is authorized to do everything mentioned in this bill, it being just a matter of appropriation. I am informed that the bill is not in accord with the financial program of the President.

Cordially yours,

ROBE CARL WHITE,
Acting Secretary.

MARCH 10, 1930.

Hon. HIRAM JOHNSON,
United States Senator, Washington, D. C.

MY DEAR SENATOR: You will recall, in my conversation with you last week, and also with Senator Wagner, concerning Senate bill 3060, known as the Wagner bill, I stated that, while I was in hearty accord with the general purposes of the proposed legislation, I desired to confer with the Director General of the United States Employment Service, after which I would write you in the matter.

We have given careful and thoughtful consideration to the bill. There are two schools of thought abroad as to whether the Federal Government or the States should establish and maintain public employment offices, and I am well convinced that the general public favors that the State be the unit in conducting public employment offices, with the Federal Government cooperating and acting as a national clearing house for labor. This maintains the time-honored principle of State rights. I favor in all cooperative enterprises that the interests of the Federal Government be protected, and when Federal financial assistance is given, a certain amount of authority should naturally follow. This the bill has safeguarded.

I am in full sympathy with section 3. The Public Employment Service should not engage in any controversial questions. All of its acts should be impartial. It should avoid entering into labor disputes. In order that it may perform its duty to the highest degree of efficiency it should be free from political influences.

Cogent reasons can be advanced favoring a national employment service rather than State cooperation. My experience is that at times it is rather difficult for the States to cooperate efficiently owing to the frequent political changes which occur and have a tendency to create a state of flux. I am very happy that section 3 has made provision in this respect.

Section 5 provides for an authorized appropriation of $4,000,000 for the first fiscal year. In my opinion it would not be possible to spend this amount of money judiciously the first fiscal year. It appears to me that an appropriation of $1,500,000 for the first year would be adequate for the purpose of establishing the public employment service in accordance with the provisions of the bill. However, it is believed that for the second and following years an additional appropriation would be required.

Sincerely yours,

JAMES J. DAVIS, *Secretary.*

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